BOARD OF TRUSTEES
POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY
MINUTES

Chairman Donnelly called the 6th meeting of the Board of Trustees, Police and Firemen's Retirement System of New Jersey, to order at 10:11 a.m. This meeting was held at the Division of Pensions and Benefits, 50 West State Street, Trenton, New Jersey, and was attended by the following members:

Tim Colacci, Ed Donnelly, Raymond Heck, Susan Jacobucci, Matt Lubin, John Megariotis, Marc Morgan, Ed Oatman, Bruce Polkowitz, Nicola Trasente (left 12:35 p.m.)

Absent: James A. Kompany and John Glidden, Jr.

Also Present: DAG Robert Garrison; Jackie Bussanich; Lisa Pointer; Cheryl Chianese; Danielle Schimmel; Jennifer Keyes-Maloney; DAG Chris Meyer; Peter Andreyev, PBA; Lori Buckalew, NJLM; Luann Barnett; DAG Juliana DeAngelis; Carrie Reed; attorney, Amie DiCola; Blake Clay; attorney, Tim Prol; DAG Porter Strickler; Alexandra Dalay; Eric Zimmerman; Nicholas Sansone; Eric Schachtez; Edmund Robinson; Sean Kemp; attorney, Patrick O'Dea; attorney, John Feeley; John Stires and James Green

Adequate notice of this meeting was provided through a notice that was filed with the Secretary of State. The notice was mailed to *The Star Ledger* and the *Trenton Times* on February 5, 2019.

OPEN SESSION

RESOLUTION "A" No. 2007-1

RESOLUTION TO GO INTO CLOSED SESSION
TO CONSIDER INDIVIDUALS' DISABILITY APPLICATIONS

In accordance with the provisions of the Open Public Meetings Act, N.J.S.A. 10:4-13, be it resolved that the Board of Trustees of the Police and Firemen's Retirement System go into closed session for purposes of discussing matters pertaining to disability retirement which involves material involving personal medical and health records, data, reports and recommendations relating to specific individuals, pursuant to N.J.S.A. 10:4-12(3). Those matters are confidential unless expressly waived by the individual involved.

The actions taken during closed session relating to a disability retirement are anticipated to become available to the public immediately at the conclusion of the meeting and will be posted on the Division of Pensions and Benefits' website within a reasonable time; however, personal information pertaining to an individual shall be redacted from the minutes of such meeting and shall remain confidential until after such time as the Board determines that the need of confidentiality no longer exists and the matters discussed can be disclosed.

OPEN SESSION

RESOLUTION "B" No. 2007-2

**RESOLUTION TO GO INTO EXECUTIVE SESSION
TO REQUEST/RECEIVE ATTORNEY-CLIENT ADVICE FROM THE DEPUTY ATTORNEY GENERAL**

In accordance with the provisions of the Open Public Meetings Act, N.J.S.A. 10:4-13, be it resolved that the Board of Trustees of the Police and Firemen's Retirement System of New Jersey go into closed session to discuss matters falling within the attorney client privilege, and/or matter in which litigation is pending or anticipated, pursuant to N.J.S.A. 10:4-12(7).

The minutes of such meeting shall remain confidential until after such time as the Board determines that the need of confidentiality no longer exists and the matters discussed can be disclosed and the Board waives the attorney-client privilege.

The following decisions of the Board were unanimously approved in all matters unless otherwise indicated.

Minutes

Minutes from the meeting of May 13, 2019
(Motion made by Trustee Trasente; seconded by Trustee Colacci.)

Executive Session Minutes from the meeting of May 13, 2019
(Motion made by Trustee Trasente; seconded by Trustee Colacci.)

PAGES **Miscellaneous Issues**

335 - 337 Expenditures associated with PFRS for FY 2016, 2017 and 2018
Noted; Additional information was requested regarding the fees for the services provided by the Attorney General's Office
(Motion made by Trustee Colacci; seconded by Trustee Oatman.)

Resolutions regarding personnel for PFRSNJ staff

338 a) Board Secretary – Lisa Pointer **(Motion made by Trustee Colacci; seconded by Trustee Heck.)**

339 b) Asst Board Secretary – Jacquelyn Bussanich **(Motion made by Trustee Colacci; seconded by Trustee Polkowitz.)**

c) Procedures provided regarding the search for CIO - Direct Treasury to formulate a RFQ for a firm to hire the CIO **(Motion made by Trustee Colacci; seconded by Trustee Polkowitz.)**

340 – 342 d) Ability to post the Executive Director position - Approved with modified language **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**

343 – 344 Request for excused absence from Trustee Kompany and a request for excused absence from Chairman Donnelly on behalf of Trustee Glidden due to a medical emergency **(Motion made by Trustee Colacci; seconded by Trustee Polkowitz.)**

345 – 466 Publication of PFRSNJ Investment Regulations w/Summary of Proposed Credit and Concentration Limitations **(Motion made by Trustee Colacci; seconded by Trustee Heck.)**

OPEN SESSION

The following decisions of the Board were unanimously approved in all matters unless otherwise indicated.

Retirement and Death Lists

467 - 471 Active and Retired Death List for May 2019
(Motion made by Trustee Polkowitz; seconded by Trustee Heck.)

472 – 485 Retirement List
(Motion made by Trustee Polkowitz; seconded by Trustee Heck. Trustee Jacobucci recused on Glenn Charney. Trustee Oatman recused on Charles Mangione and George Allard.)

PFRSNJ
6-10-19
B-1

DIVISION OF PENSIONS & BENEFITS
DISTRIBUTION OF EXPENDITURES
FISCAL YEAR 2016
SCHEDULE B

ACCOUNT TITLE	EXPENDED DOLLARS INCL. UNLIQUIDATED OBLIGATIONS	54.985% PERS	32.858% TPAF	11.165% P&FRS	0.011% CP&FPF	0.011% POPF	0.806% SPRS	0.134% JRS	GENERAL ADMIN.	TOTAL EXPENDED	HEALTH BENEFITS	GRAND TOTAL
SALARY & WAGES REGULAR	15,231,520	8,338,835	4,984,637	1,696,331	1,726	1,707	122,163	86,121		15,231,520	2,574,057	17,805,577
SALARY OVERTIME/OTHER	109,257	60,074	35,910	12,221	12	12	880	146		109,257	31,134	140,390
PENSION & INSURANCE	1,570,455	859,929	514,033	174,931	178	178	12,598	8,609		1,570,455	254,832	1,825,287
SOCIAL SECURITY/MEDICARE	1,213,534	664,491	397,207	135,174	138	136	9,735	6,653		1,213,534	196,915	1,410,449
HEALTH BENEFITS	4,394,102	2,406,065	1,438,254	489,455	498	493	35,248	24,090		4,394,102	713,014	5,107,116
INVESTMENT ADMIN. COST		5,055,606	4,579,730	4,493,963	341	1,495	341,491	37,236		14,509,862	95,801	14,605,662
PRINTING & OFFICE	334,044	46	27	7	0	0	0	0	333,964	334,044	60,724	394,768
EDUCATION	0								0	0	0	0
HOUSEHOLD & CLOTHING	1,753								1,753	1,753	0	1,753
OTHER SUPPLIES	0								0	0	0	0
TRAVEL	15,569	4,304	2,591	3,562	0	0	0	0	5,112	15,569	650	16,219
TELEPHONE	263,828								263,828	263,828	43,789	307,617
POSTAGE	1,194,505								1,194,505	1,194,505	277,046	1,471,551
INFO PROCESSING-EXTERNAL	4,546,002							218,093	4,327,909	4,546,002	486,713	5,032,715
HOUSEHOLD & SECURITY	66,688	0	0	0	0	0	0		66,688	66,688	0	66,688
PROFESSIONAL SERVICES	5,554,226	1,773,255	659,320	1,256,553	703	695	71,434	8,268	1,783,998	5,554,226	3,267,449	8,821,675
OTHER SERVICES	1,849,553	25,078	3,389	30,534	2,500	2,500	2,840	2,500	1,780,212	1,849,553	101,860	1,951,413
INFO PROCESSING-INTERNAL	6,321,376								6,321,376	6,321,376	2,158,556	8,479,932
MAINT. BLDG. & GROUNDS	11,651								11,651	11,651	1,934	13,585
MAINTENANCE EQUIPMENT	60								12,184	12,185	15,659	27,844
RENT BUILDING & GROUNDS	0								0	0	0	0
RENT CENTRAL MOTOR POOL	9,109								9,109	9,109	0	9,109
RENT OTHER	12,125								0	0	0	0
BUILDING IMPROVEMENTS	0								0	0	0	0
VEHICLES	0								0	0	0	0
OTHER EQUIPMENT	71,730								71,730	71,730	11,905	83,635
DATA PROCESSING EQUIPMENT	968								968	968	161	1,129
CENTRAL RENT EXPENDITURES	2,141,847								2,141,847	2,141,847	355,494	2,497,341
TOTALS	44,913,901	19,187,683	12,615,098	8,292,731	6,096	7,214	596,389	391,717	18,326,834	59,423,763	10,647,691	70,071,454
DIST. OF GENERAL ADMIN EXP.		10,076,974	6,023,630	2,049,913	2,086	2,063	147,626	24,542				
DIST. OF TOTAL EXPENSES		29,264,657	18,638,729	10,342,644	8,182	9,277	744,015	416,259				
STATE PERCENTAGE		31.27%	100.00%	15.96%			100.00%	100.00%				
STATE FUNDING		9,152,000	18,638,729	1,650,398			744,015	416,259				
LOCAL PERCENTAGE		68.73%		84.04%	100.00%							
LOCAL FUNDING		20,112,657		8,692,247	8,182							

DIVISION OF PENSIONS & BENEFITS
DISTRIBUTION OF EXPENDITURES
FISCAL YEAR 2017
SCHEDULE B

ACCOUNT TITLE	EXPENDED DOLLARS INCL. UNLIQUIDATED OBLIGATIONS	54.737% PERS	32.991% TPAF	11.302% P&FRS	0.010% CP&FPF	0.010% POPF	0.813% SPRS	0.138% JRS	GENERAL ADMIN.	TOTAL EXPENDED	HEALTH BENEFITS	GRAND TOTAL
SALARY & WAGES REGULAR	15,713,544	8,554,571	5,155,988	1,766,296	1,485	1,505	127,038	106,661		15,713,544	2,576,366	18,289,910
SALARY OVERTIME/OTHER	198,710	108,768	65,556	22,458	19	19	1,615	274		198,710	84,434	283,144
PENSION & INSURANCE	2,238,354	1,218,877	734,638	251,666	212	214	18,101	14,646		2,238,354	350,386	2,588,740
SOCIAL SECURITY/MEDICARE	1,259,074	685,618	413,234	141,562	119	121	10,182	8,238		1,259,075	197,092	1,456,167
HEALTH BENEFITS	5,052,756	2,751,436	1,658,338	568,100	478	484	40,860	33,060		5,052,755	790,944	5,843,700
INVESTMENT ADMIN. COST		4,935,414	4,217,693	4,455,376	237	1,332	347,239	32,047		13,989,338	123,528	14,112,866
PRINTING & OFFICE	339,851	0	-8	8,226	0	0	0	0	331,633	339,851	43,628	383,479
EDUCATION	0								0	0	0	0
HOUSEHOLD & CLOTHING	851								851	851	0	851
OTHER SUPPLIES	0								0	0	0	0
TRAVEL	21,640	4,783	2,899	3,642	0	0	0	0	10,317	21,640	174	21,814
TELEPHONE	272,418								272,418	272,418	43,721	316,139
POSTAGE	1,044,183								1,044,183	1,044,183	247,068	1,291,251
INFO PROCESSING-EXTERNAL	2,870,635								2,870,635	2,870,635	250,355	3,120,990
HOUSEHOLD & SECURITY	71,980	0	0	0				0	71,980	71,980	0	71,980
PROFESSIONAL SERVICES	3,025,334	1,350,204	794,800	998,353	430	436	53,528	8,941	-181,358	3,025,334	2,471,579	5,496,913
OTHER SERVICES	2,727,844	32,664	2,047	38,740	0	0	309	8	2,656,084	2,727,844	2,593	2,730,437
INFO PROCESSING-INTERNAL	6,634,357								6,634,357	6,634,357	1,670,225	8,304,582
MAINT. BLDG. & GROUNDS	2,960								2,960	2,960	475	3,435
MAINTENANCE EQUIPMENT	18,891								18,891	18,891	4,962	23,853
RENT BUILDING & GROUNDS	0								0	0	0	0
RENT CENTRAL MOTOR POOL	10,254								10,254	10,254	0	10,254
RENT OTHER	0								0	0	0	0
LAWSUITS/ SETTLEMENTS	750								750	750	0	750
VEHICLES	34,800								34,800	34,800	0	34,800
OTHER EQUIPMENT	24,959								24,959	24,959	9,591	34,550
DATA PROCESSING EQUIPMENT	3,442								3,442	3,442	552	3,995
CENTRAL RENT EXPENDITURES	2,265,803								2,265,803	2,265,803	363,648	2,629,451
TOTALS	43,633,390	19,642,336	13,045,185	8,252,419	2,979	4,111	598,871	203,868	16,072,959	57,822,728	9,231,321	67,054,050
DIST. OF GENERAL ADMIN EXP.		8,797,883	5,302,636	1,816,534	1,527	1,548	130,651	22,179				
DIST. OF TOTAL EXPENSES		28,440,219	18,347,821	10,068,953	4,507	5,659	729,523	226,047				
STATE PERCENTAGE		31.45%	100.00%	16.12%			100.00%	100.00%				
STATE FUNDING		8,943,345	18,347,821	1,623,031			729,523	226,047				
LOCAL PERCENTAGE		68.55%		83.88%	100.00%							
LOCAL FUNDING		19,496,874		8,445,923	4,507							

DIVISION OF PENSIONS & BENEFITS
DISTRIBUTION OF EXPENDITURES
FISCAL YEAR 2018
SCHEDULE B

ACCOUNT TITLE	EXPENDED DOLLARS INCL. UNLIQUIDATED OBLIGATIONS	54.528% PERS	33.051% TPAF	11.439% P&FRS	0.008% CP&FPF	0.009% POPF	0.824% SPRS	0.141% JRS	GENERAL ADMIN.	TOTAL EXPENDED	HEALTH BENEFITS	GRAND TOTAL
SALARY & WAGES REGULAR	15,690,232	8,504,228	5,154,698	1,784,015	1,197	1,373	128,584	116,139		15,690,232	2,764,843	18,455,075
SALARY OVERTIME/OTHER	306,300	167,019	101,236	35,037	24	27	2,526	432		306,299	49,993	356,292
PENSION & INSURANCE	2,519,475	1,366,067	828,019	286,573	192	221	20,655	17,749		2,519,475	417,491	2,936,966
SOCIAL SECURITY/MEDICARE	1,272,598	689,995	418,229	144,747	97	111	10,433	8,987		1,272,598	215,335	1,487,933
HEALTH BENEFITS	4,655,189	2,524,057	1,529,915	529,496	355	408	38,164	32,794		4,655,189	771,391	5,426,580
INVESTMENT ADMIN. COST		5,397,712	4,455,202	4,942,328	344	1,285	348,987	33,423		15,179,281	120,358	15,299,638
PRINTING & OFFICE	193,091	89	6,265	89	0	0	0	0	186,648	193,091	71,735	264,826
EDUCATION	0								0	0	0	0
HOUSEHOLD & CLOTHING	3,463								3,463	3,463	0	3,463
OTHER SUPPLIES	0								0	0	0	0
TRAVEL	16,528	5,430	3,110	4,361	0	0	0	0	3,627	16,528	0	16,528
TELEPHONE	257,136								257,136	257,136	41,642	298,777
POSTAGE	915,093								915,093	915,093	241,885	1,156,979
INFO PROCESSING-EXTERNAL	3,316,840		82,210						3,234,630	3,316,840	303,380	3,620,220
HOUSEHOLD & SECURITY	87,655	0	0	0				0	87,655	87,655	0	87,655
PROFESSIONAL SERVICES	3,322,479	1,240,528	511,989	968,594	356	409	63,205	9,996	527,402	3,322,479	2,647,955	5,970,434
OTHER SERVICES	2,677,002	12,949	6,124	44,220	0	0	337	0	2,613,372	2,677,002	1,054	2,678,056
INFO PROCESSING-INTERNAL	3,364,231								3,364,231	3,364,231	1,205,861	4,570,092
MAINT. BLDG. & GROUNDS	7,728								7,728	7,728	1,251	8,979
MAINTENANCE EQUIPMENT	29,147								29,147	29,147	6,376	35,523
RENT BUILDING & GROUNDS	0								0	0	0	0
RENT CENTRAL MOTOR POOL	8,402								8,402	8,402	0	8,402
RENT OTHER	0								0	0	0	0
LAWSUITS/ SETTLEMENTS	0								0	0	0	0
VEHICLES	0								0	0	0	0
OTHER EQUIPMENT	21,368								21,368	21,368	3,460	24,828
DATA PROCESSING EQUIPMENT	943								943	943	153	1,095
CENTRAL RENT EXPENDITURES	1,949,542								1,949,542	1,949,542	315,716	2,265,257
TOTALS	40,614,440	19,908,072	13,096,994	8,739,461	2,565	3,834	612,891	219,519	13,210,386	55,793,721	9,179,879	64,973,601
DIST. OF GENERAL ADMIN EXP.		7,203,353	4,366,193	1,511,118	1,014	1,163	108,915	18,629				
DIST. OF TOTAL EXPENSES		27,111,426	17,463,187	10,250,579	3,579	4,998	721,806	238,148				
STATE PERCENTAGE		31.61%	100.00%	16.02%			100.00%	100.00%				
STATE FUNDING		8,570,299	17,463,187	1,642,559			721,806	238,148				
LOCAL PERCENTAGE		68.39%		83.98%	100.00%							
LOCAL FUNDING		18,541,127		8,608,020	3,579							

PFRSNJ
6-10-19
B-2 (a)

AGENDA ITEM

Appointment of Board Secretary

WHEREAS, the Police and Firemen's Retirement System of New Jersey (the "PFRSNJ") has been newly constituted under Chapter 55 of Public Law 2018; and

WHEREAS, the Board of Trustees of the PFRSNJ pursuant to Chapter 55 of Public Law 2018 is required to appoint a Board Secretary and such additional personnel and staff as it may require; and

WHEREAS, the Board of Trustees of PFRSNJ is tasked with the proper administration of the pension fund, which requires the hiring of personnel selected by the Board to carry out its administrative functions; and

WHEREAS, the position of Board Secretary is currently being held by an Acting Board Secretary pending the appointment of a permanent Board Secretary, and the Board of Trustees desires to fill that position; and

WHEREAS, the Board of Trustees has determined that Lisa Pointer is duly qualified to serve as Board Secretary and desires to designate her as Board Secretary.

NOW THEREFORE BE IT RESOLVED, that:

Section 1. Ms. Pointer will be compensated for her services as Board Secretary in the amount of $115,000 annually, payable in accordance with the State's payroll schedule, and with respect to calendar year 2019, prorated for the remainder of calendar year 2019 beginning on 7-6, 2019.

Section 2 This resolution shall take effect upon a majority vote of the Board of Trustees of PFRSNJ.

PFRSNJ
6-10-19
B-2(b)

AGENDA ITEM

Appointment of Assistant Board Secretary

WHEREAS, the Police and Firemen's Retirement System of New Jersey (the "PFRSNJ") has been newly constituted under Chapter 55 of Public Law 2018; and

WHEREAS, the Board of Trustees of the PFRSNJ pursuant to Chapter 55 of Public Law 2018 is required to appoint a Board Secretary and such additional personnel and staff as it may require, including an Assistant Board Secretary; and

WHEREAS, the Board of Trustees of PFRSNJ is tasked with the proper administration of the pension fund, which requires the hiring of personnel selected by the Board to carry out its administrative functions; and

WHEREAS, the Board believes that to carry out its functions efficiently, requires the appointment of an Assistant Board Secretary to assist the Board Secretary in carrying out her functions; and

WHEREAS, the Board of Trustees has determined that Jacquelyn Bussanich is duly qualified to serve as an Assistant Board Secretary and desires to designate her as Assistant Board Secretary.

NOW THEREFORE BE IT RESOLVED, that:

Section 1. Jacquelyn Bussanich is hereby appointed to be Assistant Board Secretary for PFRSNJ. Ms. Bussanich will serve in such position at the pleasure of the Board. Ms. Bussanich will receive compensation at the rate of $44.63 per hour for her duties as Assistant Board Secretary.

Section 2 This resolution shall take effect upon a majority vote of the Board of Trustees of PFRSNJ.

PFRSNJ
6-10-19
B-2 (d)
(Modified version)

EXECUTIVE DIRECTOR, POLICE & FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

DEFINITION
The Executive Director, under the direction of the Police & Firemen's Retirement System of New Jersey (PFRSNJ) Board of Trustees (Board), helps direct and coordinate policy implementation at the direction of the Board, and in coordination with the Division of Investment and the Division of Pensions & Benefits.

SUMMARY
The Executive Director shall be responsible for recommending and implementing the strategic direction of the Board from an investment and operational perspective. The Executive Director shall provide strategic direction, planning, and leadership to the Board; organize, develop, and supervise a management team to provide optimal investment results; maintain oversight of investment and administrative operations conducted by the Board; develop an annual budget and a salary and compensation guide, arrange Board agendas with the approval of the Board's chair; appoint administrative staff, supervise the executive and administrative functions of the Investment Committee, execute contracts on behalf of the Board; and perform any other responsibilities designated to the Executive Director by the Board. Work in tandem with the Chief Investment Officer.

EXAMPLES OF WORK
Has general supervision of the (PFRSNJ) to ensure that the Board complies with governing law and regulations.

Provide executive leadership in setting and achieving the Board's mission and goals, and manages in accordance with the parameters and guidelines established by the Board.

Develops and implements recommendations, strategic goals, operating plans, and policies.to accomplish short and long-range objectives.

Oversees the budget planning processes and ensures adherence to the approved budget.

Develops and monitors the strategic plan and budget.

Has general supervision of the work operations and/or functional programs and has responsibility for effectively recommending the hiring, firing, promoting, demoting and/or disciplining of employees.

Supervises the preparation of the annual reports and all other necessary reporting or documentation by the PFRSNJ.

Works collaboratively with the Division of Pensions & Benefits and Division of Investment.

Attends the meetings of the Board and carries out the work of the Board as directed. This includes proposals with respect to new or revised investment or pension regulations, preparation of agendas, maintenance of minutes, books and such other work of the Board as may be required.

Oversees the adequacy and soundness of the organization's financial structure.

Serves in such other capacities and performs such other functions as may be required by the Board.

EDUCATION

Upon commencement of employment, graduation from an accredited college with a bachelor's degree in accounting, finance, business administration, political science or a closely related field is preferred.

Applicants who do not possess the required education may substitute experience as indicated above on a year for year basis.

EXPERIENCE

At least 5 years of management experience in accounting, finance, public administration, government, investment banking, financial consulting, money management, executive management or a similar field.

In addition, experience building and managing a staff of 25 employees or more, with at least a $4 million annual operating budget.

Experience in development and implementation of a budget including but not limited to salaries, operations and consultants.

KNOWLEDGES AND ABILITIES

Plans, coordinates, and controls the daily operation of the organization.

Knowledge of effective business methods and investment procedures.

Ability to work harmoniously with other offices, associate with subordinates and with that portion of the public interested in or concerned with.

Experience working effectively with key stakeholders, bargaining groups, media and public officials.

Direct experience or working familiarity with formal strategic business planning, including goal setting and formal metrics.

Ability to supervise the organization and maintenance of the essential records and files as directed by the Board.

Ability to analyze and interpret basic legislation rules, regulations, and established procedures and apply them to specific situations.

Experience working with public officials regarding the implementation of pension-related state and federal laws.

Direct experience analyzing and negotiating contracts.

Intimate relationships in the Office of the Governor, Office of the Treasurer, and Legislative Leadership.

Standing relationships with major financial institutions, investment community and external stakeholders.

Represents the organization with state and federal government leaders, financial institutions, and the public.

Guides, directs, advises, facilitates, listens, interprets, interacts, and builds relationships with internal and external influences.

Oversees the establishment of current and long-range goals, objectives, plans and policies, subject to approval by the Board.

Dispenses advice, guidance, direction, and authorization to carry out major plans, standards and procedures, consistent with established policies and Board approval.

Meets with Board leadership to ensure that operations are being executed in accordance with the organization's policies.

Reviews operating results of the organization, compares them to established objectives, and takes steps to ensure that appropriate measures are taken to correct unsatisfactory results.

Establishes and maintains an effective system of communications both internally and externally.

Ability to communicate with high level political and financial stakeholders.

B-3
PFRSNJ
6-10-19
Request for excused absence from Trustee Kompany

Mailing Address:
PO Box 295
Trenton, NJ 08625-0295
Location:
50 West State Street
Trenton, New Jersey

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
POLICE AND FIREMENS' RETIREMENT SYSTEM
OF NEW JERSEY
(609) 292-7524 TDD (609) 292-7718
www.nj.gov/treasury/pensions

ELIZABETH MAHER MUOIO
State Treasurer

Ed Donnelly
Chairman, PFRSNJ

MEMORANDUM

TO: PFRSNJ BOARD

FROM: LISA POINTER
PFRSNJ ASSISTANT BOARD SECRETARY

DATE: June 6, 2019

SUBJECT: Request for excused absence from Trustee Kompany pursuant to Chapter 55 P.L. 2018

Trustee Kompany has made a formal request to be excused from the June 10, 2019, Board meeting. In light of N.J.S.A. 43:16A-13 (3) which states in pertinent part:

> "Any trustee who is absent, without an official excuse approved by a majority vote of the trustees, for more than three of the board's meetings in any calendar year shall be removed from the board..."

Please review Trustee Kompany's request to be excused from the board meeting of June 10, 2019.

Also, Received information the John Glidden would be abent due to a medical emergency.

Attachment

Pointer, Lisa

From: Pointer, Lisa
Sent: Thursday, June 06, 2019 12:02 PM
To: Pointer, Lisa
Subject: FW: [EXTERNAL] PFRS June meeting

From: jameskompany [mailto:jameskompany@yahoo.com]
Sent: Monday, June 03, 2019 2:00 PM
To: Pointer, Lisa
Subject: [EXTERNAL] PFRS June meeting

Hello Lisa. I wanted to contact you to let you know about a potential conflict in my schedule for the upcoming PFRS board meeting on June 10th. Through my police department I was assigned an in-service training class for the entire week beginning Monday June 10th through Friday June 14. This class is a supervisor training course and is mandatory. If possible, I will attempt to phone into our meeting at an applicable time. I am in the process of conversing with the staff at the Academy where this class is being held to make arrangements. If by some chance I am unable to make that phone call, please accept my sincerest apologies. If you need anything further from me regarding this issue, please don't hesitate to contact me. Thank you again for your help in resolving this matter.

James A. Kompany

Sent from my Verizon, Samsung Galaxy smartphone

TREASURY - GENERAL

BOARD OF TRUSTEES OF THE POLICE & FIRE RETIREMENT SYSTEM

Proposed Regs for Publication

Adopted New Rules: N.J.A.C. 17:50

New Rules Adopted: XXXX XX, 2019 by the New Jersey Department of the Treasury, Elizabeth Maher Muoio, State Treasurer

Authorized By: The Board of Trustees of the Police and Firemen's Retirement System, Jennifer Keyes-Maloney, Department of the Treasury

Authority: N.J.S.A. 43:49A

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2019-XX

Submit comments by XXX XX, 2019 to:

Jennifer Keyes-Maloney
Department of the Treasury
225 W State Street, 4th Floor
Trenton, NJ 08625-0211
Attn: Board of Trustees of the Police and Firemen's Retirement System

Jennifer.maloney@treas.nj.gov

The agency proposal follows:

Summary

N.J.A.C. 17:50 provides the regulatory framework to govern the methods, practices or procedures for investment, reinvestment, purchase, sale or exchange transactions to be followed by the Director of the Division of Investment (the "Division") for the funds under the supervision of the Board (the "Board") of Trustees of the Police and Firemen's Retirement System (the "PFRS"). On July 3, 2018, P.L. 2018, c. 55 (the "Act") was enacted which, among other changes, transfers the policy direction of investment of assets from the State Investment Council (the "Council") to the newly constituted twelve-member board. The Act further provides that all functions, powers and duties relating to the formulation, establishment, amendment, modification or repeal of any policy, procedure, method or practice on the investment or reinvestment of moneys of the PFRS shall be performed by the Board. However, the purchase, sale or exchange of any investments or securities under the control and management of the Board shall continue to be exercised by the Division. In addition, the Act provides that the Division, the Director of the Division and the Council shall retain all functions, powers, and duties relating to Common Pension Fund L assigned to the Division, the Director of the Division and the Council by P.L. 2017, c.98 (C.5:9-22.5 et seq.). These rules will create the base line regulatory structure for the Board which reflects the provisions of the Act.

Sub-chapter 1 establishes general provisions for the regulatory package including: setting the proposal's purpose, N.J.A.C. 17:50-1.1, specifically, establishing the rules that govern the methods, practices or procedures for investment, reinvestment, purchase, sale or exchange transaction to be followed by the Division of Investment; providing a host of necessary definitions (N.J.A.C. 17:50-1.2; setting a standard for permissible investment by the Division of Investment (N.J.A.C. 17:50-1.3); necessary investment limitations (N.J.A.C. 17:50-1.4); and legal document requirements (N.J.A.C. 17:50-1.5).

Sub-chapter 2 specifies that the eligible funds the Director of the Division of Investment may invest in the New Jersey Cash Management Fund include those funds under the control of the Board.

Sub-chapter 3 establishes a policy on political contributions and prohibitions on investment management business, including: a statement of purpose for the limitation, N.J.A.C. 17:50-3.1; relevant definitions, N.J.A.C. 17:50-3.2; an articulation of restrictions, N.J.A.C. 17;50-3.3; limitations on solicitation, N.J.A.C. 17:50-3.4; what constitutes an indirect violation of the policy, N.J.A.C. 17:50-3.4; reporting requirements, N.J.A.C. 17:3.5, including the ability to request additional information N.J.A.C. 17:50-3.8, as well as public disclosure (N.J.A.C. 17:50-3.6) requirements; cause for termination in the event of violation, N.J.A.C. 17:50-3.9; exemptions to the policy, N.J.A.C. 17:50-3.10; and restrictions of board members, N.J.A.C. 17:50-3.11.

Sub-chapter 4 sets rules related to Securities Lending Transactions including:

relevant definitions, N.J.A.C. 17:50-4.1; parameters on permissible transactions, N.J.A.C. 17:50-4.2; which funds are eligible for investment, N.J.A.C. 17:50-4.3; and what limitations may exist as it relates to investment, N.J.A.C. 17:50-4.4.

Sub-chapter 5 establishes regulations related to investment in US Treasury and other Government Agency obligations, including: relevant definitions, N.J.A.C. 17:50-5.1; parameters on permissible investments, N.J.A.C. 17:50-5.2; and which funds are eligible for investment, N.J.A.C. 17:50-5.3.

Sub-chapter 6 creates rules related to investment in Global Debt obligations, including: relevant definitions, N.J.A.C. 17:50-6.1; parameters on permissible investments, N.J.A.C. 17:50-6.2; which funds are eligible for investment, N.J.A.C. 17:50-6.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-6.4.

Sub-chapter 7 sets regulations related to investment in State, Municipal, and Public Authority Obligations, including: relevant definitions, N.J.A.C. 17:50-7.1; parameters on permissible investments, N.J.A.C. 17:50-7.2; which funds are eligible for investment, N.J.A.C. 17:50-7.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-7.4.

Sub-chapter 8 establishes rules related to investment in Collateralized Notes and Mortgages, including: relevant definitions, N.J.A.C. 17:50-8.1; parameters on permissible investments, N.J.A.C. 17:50-8.2; which funds are eligible for investment, N.J.A.C. 17:50-

8.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-8.4.

Sub-chapter 9 creates a new regulation related to investment in International Government and Agency Obligations, including: relevant definitions, N.J.A.C. 17:50-9.1; parameters on permissible investments, N.J.A.C. 17:50-9.2; which funds are eligible for investment, N.J.A.C. 17:50-9.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-9.4.

Sub-chapter 10 sets rules related to investment in Global Diversified Credit Investments, including: relevant definitions, N.J.A.C. 17:50-10.1; parameters on permissible investments, N.J.A.C. 17:50-10.2; which funds are eligible for investment, N.J.A.C. 17:50-10.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-10.4.

Sub-chapter 11 establishes a new regulation related to investment in Commercial Paper, including: relevant definitions, N.J.A.C. 17:50-11.1; parameters on permissible investments, N.J.A.C. 17:50-11.2; which funds are eligible for investment, N.J.A.C. 17:50-11.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-11.4.

Sub-chapter 12 creates a new rule related to investment in Certificates of Deposit, including: relevant definitions, N.J.A.C. 17:50-12.1; parameters on permissible investments, N.J.A.C. 17:50-12.2; which funds are eligible for investment, N.J.A.C.

17:50-12.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-12.4.

Sub-chapter 13 sets a new rule related to investment in Repurchase Agreements, including: relevant definitions, N.J.A.C. 17:50-13.1; parameters on permissible investments, N.J.A.C. 17:50-13.2; and which funds are eligible for investment, N.J.A.C. 17:50-13.3.

Sub-chapter 14 creates a new rule related to investment in Money Market Funds, including: relevant definitions, N.J.A.C. 17:50-14.1; parameters on permissible investments, N.J.A.C. 17:50-14.2; which funds are eligible for investment, N.J.A.C. 17:50-14.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-14.4.

Sub-chapter 15 establishes a new regulation related to investment in Non-Convertible Preferred Stocks, including: relevant definitions, N.J.A.C. 17:50-15.1; parameters on permissible investments, N.J.A.C. 17:50-15.2; which funds are eligible for investment, N.J.A.C. 17:50-15.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-15.4.

Sub-chapter 17 sets a new rule related to investment in Global Equity Investment, including: relevant definitions, N.J.A.C. 17:50-17.1; parameters on permissible investments, N.J.A.C. 17:50-17.2; which funds are eligible for investment, N.J.A.C.

17:50-17.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-17.4.

Sub-chapter 18 creates a new rule related to investment in Mortgage-backed Senior Debt Securities and Mortgage-Backed Pass-through Securities, including: relevant definitions, N.J.A.C. 17:50-18.1; parameters on permissible investments, N.J.A.C. 18:50-18.2; which funds are eligible for investment, N.J.A.C. 17:50-18.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-18.4.

Sub-chapter 19 establishes a new regulation related to investment in Real Assets, including: relevant definitions, N.J.A.C. 17:50-19.1; parameters on permissible investments, N.J.A.C. 18:50-19.2; which funds are eligible for investment, N.J.A.C. 17:50-19.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-19.4.

Sub-chapter 20 sets a new rule related to investment in Foreign Currency Transactions, including: relevant definitions, N.J.A.C. 17:50-20.1; parameters on permissible investments, N.J.A.C. 18:50-20.2; which funds are eligible for investment, N.J.A.C. 17:50-20.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-20.4.

Sub-chapter 21 creates a new regulation related to investment in Futures Contracts, including: relevant definitions, N.J.A.C. 17:50-21.1; parameters on permissible investments, N.J.A.C. 17:50-21.2; which funds are eligible for investment, N.J.A.C. 17:50-21.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-21.4.

Sub-chapter 22 establishes a new regulation related to investment in Swap Transactions, including: relevant definitions, N.J.A.C. 17:50-22.1; parameters on permissible investments, N.J.A.C. 18:50-22.2; which funds are eligible for investment, N.J.A.C. 17:-22.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-22.4.

Sub-chapter 23 sets a new rule related to investment in Covered Call Options, including: relevant definitions, N.J.A.C. 17:50-23.1; parameters on permissible investments, N.J.A.C. 18:50-23.2; and which funds are eligible for investment, N.J.A.C. 17:50-23.3.

Sub-chapter 24 creates a new regulation related to investment in Put Options, including: relevant definitions, N.J.A.C. 17:50-24.1; parameters on permissible investments, N.J.A.C. 18:50-24.2; which funds are eligible for investment, N.J.A.C. 17:50-24.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-24.4.

Sub-chapter 25 establishes a new regulation related to investment in Private Equity, including: relevant definitions, N.J.A.C. 17:50-25.1; parameters on permissible investments, N.J.A.C. 18:50-25.2; which funds are eligible for investment, N.J.A.C. 17:50-25.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-25.4.

Sub-chapter 26 sets a new rule related to investment in Opportunistic Investments, including: relevant definitions, N.J.A.C. 17:50-26.1; parameters on permissible investments, N.J.A.C. 18:50-26.2; which funds are eligible for investment, N.J.A.C. 17:50-26.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-26.4.

Sub-chapter 27 establishes a new regulation related to investment in Absolute Return Strategy Investments, including: relevant definitions, N.J.A.C. 17:50-27.1; parameters on permissible investments, N.J.A.C. 18:50-27.2; which funds are eligible for investment, N.J.A.C. 17:50-27.3, and what limitations may exist as it relates to investment, N.J.A.C. 17:50-27.4.

Because the Department of Treasury is providing a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed rules are necessary to implement P.L. 2018, c.55, which transfers the supervision of the investment of the PFRS assets to the Board. The Act allows the

Board to direct investment policy for the PFRS assets, thereby impacting the members of PFRS.

Economic Impact

The proposed rules are necessary to implement P.L. 2018, c.55, which transfers the supervision of the investment of the PFRS assets to the Board. The Regulations, as proposed, will provide a regulatory framework for the investment of State-administered funds under the supervision of the Board, which shall be followed by the Director of the Division. The proposed rules provide for continued investment diversification and the continued opportunity for increased overall risk-adjusted returns for the State-administered funds under the supervision of the Board. As such, these proposed rules are beneficial to the long-term economic security of the PFRS' beneficiaries and are expected to lessen the long-term economic burden of the state employee pension plan on the State's taxpayers.

Federal Standards Statement

A Federal standards analysis is not required because the investment policy rules of the Board are not subject to any Federal requirements or standards.

Jobs Impact

The proposed rules will have no impact on jobs.

Agriculture Industry Impact

The proposed rules will have no impact on the agriculture industry.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required since the proposed rules regulate only the Director of the Division and will have no effect on small businesses as the term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-49 et seq.

Housing Affordability Impact Analysis

The proposed rules will have no impact on the affordability of housing in the State of New Jersey. The regulatory rules are necessary to implement P.L. 2018, c.55, which transfers the supervision of investment of the PFRS assets to the Board.

Smart Growth Development Impact Analysis

The proposed rules are not anticipated to have an impact on the availability of affordable housing or housing production within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey. The proposed rules are necessary to implement P.L. 2018, c. 55, which transfers the supervision of the investment of the PFRS assets to the Board.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Board has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposed rules follows (additions indicated in boldface **thus;** deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL PROVISIONS

N.J.A.C. 17:50-1

17:50-1.1 Purpose

It is the purpose of this chapter to establish rules to govern the methods, practices or procedures for investment, reinvestment, purchase, sale or exchange transactions to be followed by the Director of the Division of Investment.

17:50-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Board" means the Board of Trustees of the Police and Firemen's Retirement System.

"Common Pension Fund" means a common trust fund established by, and under the supervision of the State Investment Council pursuant to P.L.1970, c.270, including Common Pension Fund E and any other Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council; and Common Pension Fund L established by P.L. 2017, c.98.

"Director" means the Director of the Division of Investment.

"Division" means the Division of Investment, Department of the Treasury of the State of New Jersey.

"Investment management firm" means one or more natural persons, corporations, partnerships or other entities, incorporated or unincorporated, that provide investment management services.

"Proportionate interest" means the percentage calculated by dividing the Police and Firemen's Retirement System's units of participation in a Common Pension Fund by the total number of units of participation outstanding of the Common Pension Fund.

"State" means the State of New Jersey.

"Treasurer" means the Treasurer of the State of New Jersey.

17:50-1.3 Permissible investments

Notwithstanding the provisions of any law pertaining to legal investments, the Director shall not make any commitment to purchase securities or other investments for any fund unless such securities are of the class of investments in which such fund may be invested pursuant to these regulations.

17:50-1.4 Limitations

(a) For all investments made directly by the Police and Firemen's Retirement System or an investment vehicle established by or at the direction of the Board through direct investments, separate accounts, funds-of-funds, commingled funds, co-investments, or joint ventures under N.J.A.C. 17:50-10.2(a)(2)i, 19.2(a)(1)i, 25.2(a)(1)i and 27.2(a)(1)i), and not through any Common Pension Fund, the following shall occur:

1. The Director shall provide the Investment Committee of the Board with the requested due diligence information for all investments recommended by the Division

and a formal written report for each such investment. Due diligence information shall include but not be limited to, in all cases, information demonstrating that the investment satisfies the limitations and conditions contained in N.J.A.C. 17:50-10, 19, 25, and 27, and a written disclosure submitted by the asset manager summarizing any and all compensation arrangements with consultants and intermediaries, whether direct or indirect, in connection with the proposed investment.

2. On investments of $50 million or more, prior to any binding commitment, the Investment Committee shall provide a report to the Board, which report shall include a written memorandum by the Director. On a timely basis after receipt of such report, the Board may adopt or otherwise act upon the report.

3. On investments of less than $50 million, the Director shall provide an informational memorandum to the Board on each such investment made, which memorandum shall be provided no later than the first regularly scheduled meeting of the Board after the date such binding commitment has been made.

4. In any given calendar year, and at any point within such year, at least 80 percent of the number of investments and 80 percent of the dollar amount of total investment commitments must be eligible for a report by the Investment Committee to the Board. For investments under $50 million, so long as such investments constitute no more than 20 percent of the number of investments approved and 20 percent of the total investment dollars committed, the Director shall provide an informational memorandum to the Board pursuant to (a)3 above. Once the 20 percent "exemption" has been exceeded in any given year, all proposed investments will be subject to the Investment Committee providing a report to the Board until the number and dollar value of "exempt" investment

again falls below the 20 percent threshold.

(b) Not more than five percent of the market value of the assets invested through direct investments, separate accounts, funds-of-funds, commingled funds, co-investments, and joint ventures pursuant to N.J.A.C. 17:50-10.2(a)2, 19.2(a)1, 25.2(a)1 and 27.2(a)1, plus outstanding commitments, may be committed to any one partnership or investment, without the prior written approval of the Board. Calculation of this limitation shall include the proportionate interest in investments made through a Common Pension Fund.

(c) The investments made through separate accounts, funds-of-funds, commingled funds, co-investments, and joint ventures pursuant to N.J.A.C. 17:50-10.2(a)2, 19.2(a)1, 25.2(a)1 and 27.2(a)1 cannot comprise more than 20 percent of any one investment management firm's total assets. Calculation of this limitation shall include the proportionate interest in investments made through a Common Pension Fund.

(d) Not more than 38 percent of the market value of the assets of the Police and Firemen's Retirement System shall be represented by the market value of investments as permitted by N.J.A.C. 17:50-19, 25 and 27, including investments made directly by the Police and Firemen's Retirement System, investments made through any investment vehicle(s) established by or at the direction of the Board and the proportionate interest of investments made through a Common Pension Fund. If the market value exceeds 38 percent, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the 38 percent level, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the Police and Firemen's

Retirement System or through investment vehicle(s) established by or at the direction of the Board and shall not be applied to its proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board.

(e) Unless otherwise specifically provided therein, in the event that any subchapter contains a limitation on the percentage of an investment or class of investment in which the Director may invest, that limitation shall be construed to exclude investments made through separate accounts, funds-of-funds, commingled funds, co-investments, and joint ventures pursuant to N.J.A.C. 17:50-10, 19, 25 and 27 on behalf of the Police and Firemen's Retirement System.

17:50-1.5 Legal documents

In connection with any permissible investments under this chapter, the Director shall obtain such documents, representations, or opinions as may be required by the Attorney General, where the Attorney General then serves as legal counsel to the Board, or as recommended by separately engaged legal counsel to the Board, where the Attorney General does not then serve as legal counsel to the Board.

SUBCHAPTER 2. STATE OF NEW JERSEY CASH MANAGEMENT FUND

N.J.A.C. 17:50-2

17:50-2.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"State of New Jersey Cash Management Fund" means the common trust fund established under and subject to the provisions of N.J.A.C. 17:16.

17:50-2.2 Permissible investments

The Director may invest and reinvest the moneys of the eligible fund in the State of New Jersey Cash Management Fund.

17:50-2.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

SUBCHAPTER 3. POLICE AND FIRE BOARD OF TRUSTEES POLICY CONCERNING POLITICAL CONTRIBUTIONS AND PROHIBITIONS ON INVESTMENT MANAGEMENT BUSINESS

N.J.A.C. 17:50-3

17:50-3.1 Purpose

(a) It is the policy of the Board to ensure that the selection of investment management firms to provide investment management services to the Police and Firemen's Retirement System is based on the merits of such firms and not on the political contributions made by such firms. This subchapter is designed to protect the beneficiaries of the Police and Firemen's Retirement System, the State taxpayers and the public interest by:

1. Prohibiting investment management firms from being engaged to provide investment management services to the Police and Firemen's Retirement System if certain political contributions have been made; and

2. Requiring investment management firms that provide or are applying to provide investment management services to the Police and Firemen's Retirement System to disclose certain political contributions, as well as other information, thereby allowing meaningful public scrutiny of the selection of investment management firms.

(b) This subchapter shall apply to investment management firms engaged to provide investment management services through or in connection with investments made directly by the Police and Firemen's Retirement System. This subchapter shall not apply to investment management firms engaged through or in connection with investments made through a Common Pension Fund.

17:50-3.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Control" means the power to exercise a controlling influence over the management or policies of an investment management firm or political action committee.

"Investment management firm" means one or more natural persons, corporations, partnerships or other entities, incorporated or unincorporated, that provide investment management services.

"Investment management professional" means:

1. Any person associated with an investment management firm who is primarily engaged in the provision of investment management services;

2. Any person associated with an investment management firm involved in client development or the solicitation of business from pension fund clients, including pension fund clients that are not the Police and Firemen's Retirement System;

3. Any person associated with an investment management firm who is a supervisor of any person described in 1 or 2 above, up through and including the Chief Executive Officer or similarly situated official; or

4. Any person associated with an investment management firm, its parent company, or any other entity that controls the investment management firm, who is a

member of the executive or management committee of such firm or controlling entity, or similarly situated officials, if any.

"Investment management services" means:

1. The business of making or recommending investment management decisions for or on behalf of the Police and Firemen's Retirement System;

2. The business of advising or managing a separate entity which makes or recommends investment management decisions for or on behalf of the Police and Firemen's Retirement System, including as general partner, investment manager, or similar entity of an investment vehicle; or

3. The provision of financial advisory or consultant services to the Police and Firemen's Retirement System.

"Investment vehicle" means an investment in which the Police and Firemen's Retirement System invests directly under N.J.A.C. 17:50-10.2(a)(2)i, 19.2(a)(1)i, 25.2(a)(1)i, and 27.2(a)(1)i.

"Payment" means any gift, subscription, loan, advance, or deposit of money or anything of value.

"Political contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made:

1. For the purpose of influencing any election for State office;

2. For the purpose of influencing any election for local office by a person who is also:

i. A State official; or

ii. An employee or advisor of either the State or a State official;

3. For payment of debt incurred in connection with any such election; or

4. For transition or inaugural expenses incurred by the successful candidate in any such election.

"Political party" means any political party or political committee organized in the State, including, without limitation, State legislative leadership committees, county committees, and independent committees. The term "political party" does not include a Federal or national campaign committee or a non-State political committee, even if such Federal or national or non-State political committee makes payments or contributions to which this subchapter would otherwise apply.

"Separate account" means an investment vehicle in which the Police and Firemen's Retirement System is the sole investor that is unaffiliated with the investment vehicle's sponsor or manager.

"State official" means any person (including any election or political action committee for such person) who was, at the time of the political contribution, an incumbent, candidate or successful candidate for Governor or for a seat in the Legislature. Communication with a State official includes communication with the employees and advisors of such official.

"Supervisor" means a person who has supervisory responsibility (whether or not related to investment management activities) for an investment management professional.

"Third party solicitor" means a third party placement agent or lobbyist who solicits investment management business through direct or indirect communication with a State officer, employee, or official on behalf of an investment management firm, but does not include any person whose sole basis of compensation from the investment management firm is the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance. The term "third party solicitor," when used with respect to a particular investment management firm, shall not include a third party placement agent or lobbyist who solicits clients other than the Division to engage that investment management firm to provide investment management services, or a third party placement agent or lobbyist who solicits the Division on behalf of another investment management firm.

17:50-3.3 Restrictions

(a) The Division shall not engage an investment management firm to provide investment management services for the benefit of the Police and Firemen's Retirement System and shall not recommend that a separate account invest with an investment management firm, if, within the two years prior to such engagement or recommendation, any political contribution or payment to a political party covered by this subchapter has been made or paid by:

1. The investment management firm, its parent company, or any other person or entity that controls the investment management firm;

2. Any investment management professional associated with such investment management firm;

3. Any third party solicitor associated with such investment management firm; or

4. Any political action committee controlled by the investment management firm, its parent company, or any other entity that controls the investment management

firm, or by an investment management professional of such investment management firm or controlling entity.

(b) The Division shall terminate the contract of any investment management firm if it is discovered that, within the two years prior to such engagement or during the term of such engagement, any political contribution or payment to a political party covered by this subchapter was made or paid by:

1. The investment management firm, its parent company, or any other person or entity that controls the investment management firm;

2. Any investment management professional associated with such investment management firm;

3. Any third party solicitor who solicited the Division to engage the investment management firm and was still associated with the investment management firm at the time of the contribution or payment; or

4. Any political action committee controlled by the investment management firm, its parent company, or any other entity that controls the investment management firm, or by an investment management professional of such investment management firm or controlling entity.

(c) The provisions of (a) and (b) above shall not, however, prohibit the engagement or require the termination of an investment management firm, or prohibit the recommendation of an investment, if the only political contributions made by a person noted above within the two years prior to, and during, any such engagement were/are made by the contributor to State officials for whom the contributor was/is entitled to vote.

Political contributions made by a contributor, pursuant to this subsection, shall not exceed $ 250.00 per State official, per election.

(d) The provisions of (a) and (b) above shall not, however, prohibit the engagement or require the termination of an investment management firm, or prohibit the recommendation of an investment, if the only payments to any political party made by a person noted above within the two years prior to, and during, any such engagement did/do not exceed $ 250.00 per political party, per year.

(e) The provisions of (a) through (d) above shall apply to political contributions and payments to political parties made by any individual or entity for the 12-month period prior to such individual or entity becoming an investment management firm, investment management professional or third party solicitor.

17:50-3.4 Solicitations

(a) Any investment management firm, investment management professional or third party solicitor that is engaged or is seeking to be engaged in providing investment management services to the Police and Firemen's Retirement System shall not:

1. Solicit any person or political action committee to make a political contribution or payment to a political party;

2. Coordinate political contributions or payments to a political party;

3. Fund political contributions or payments to a political party made by third parties, including consultants, attorneys, family members or persons controlling the investment management firm; or

4. Engage in any exchange of political contributions or payments between State officials or political parties to circumvent the intent of this policy.

17:50-3.5 Indirect violations

(a) No investment management firm, investment management professional or third party solicitor shall, directly or indirectly, through or by any other person or any means whatsoever, do any act which would violate the provisions of N.J.A.C. 17:50-3.3 or 3.4.

(b) Indirect violations shall include, but are not limited to:

1. A family member or other person making political contributions or payments to a political party on the person or entity's behalf;

2. A person or entity making payments to a Federal party committee or other political committee or organization for the purpose of influencing State or local elections governed by this subchapter; and

3. A third party solicitor making political contributions or payments to a political party in order to encourage the engagement of an investment management firm for which it is not directly soliciting business from the Division.

17:50-3.6 Reporting

(a) Except as otherwise provided in (b) and (c) below, each investment management firm that is engaged to provide investment management services to the Police and Firemen's Retirement System shall, prior to engagement and by the last day of the month following the end of each calendar quarter during the term of such engagement, send to the Board and the Division the following information:

1. A list of those persons who qualify as investment management professionals, and any updates to this list;

2. For all political contributions and payments to political parties made by persons described in N.J.A.C. 17:50-3.3(a) or (b), excluding any political contribution or payment to a political party made pursuant to N.J.A.C. 17:50-3.3(c) and (d):

i. The name and address of the contributor;

ii. The name and title of each State official or political party receiving the political contribution or payment;

iii. The amount of the political contribution or payment to the political party; and

iv. The date of the political contribution or payment to the political party.

3. Whether any reported political contribution or payment to a political party is the subject of an exemption pursuant to N.J.A.C. 17:50-3.10, and the date of such exemption; and

4. For any payment made to a third party solicitor: the name and business address of the recipient, the services provided by the recipient, the compensation arrangement between the investment management firm and the recipient, and the total dollar amount of payments made during the report period.

(b) No investment management firm shall be required to report to the Board and the Division for any calendar quarter in which such investment management firm has no additions or revisions to information that was already reported in a prior report.

(c) Once a political contribution or payment to a political party or third party solicitor has been disclosed on a report, the investment management firm need not disclose that particular contribution or payment on subsequent reports.

(d) The information required by this section shall be reported on forms provided by the Division.

17:50-3.7 Public disclosure

The Board and the Division shall make available to the public a copy of each report received from an investment management firm within 30 days of its receipt or as otherwise required by law.

17:50-3.8 Additional information

The Board and the Division will accept additional information related to political contributions, payments to political parties and payments to third party solicitors voluntarily submitted by investment management firms or others.

17:50-3.9 Contract termination

Each contract with an investment management firm shall provide that a violation of the provisions in this subchapter shall be cause for immediate termination of such contract. In the case of a violation by a general partner, investment manager or similar entity of an investment vehicle, the governing documents of the investment vehicle shall provide that the Police and Firemen's Retirement System shall have the right to terminate its relationship with the investment management firm.

17:50-3.10 Exemptions

(a) An investment management firm that would otherwise be prohibited from being engaged to provide investment management services to the Police and Firemen's Retirement System pursuant to N.J.A.C. 17:50-3.3 shall be exempt from such prohibition, subject to (b) and (c) below, upon satisfaction of the following requirements:

1. The investment management firm demonstrates in writing to the Board that:

i. The firm discovered the political contribution or the payment to a political party that resulted in the prohibition on business within four months of the date of such contribution or payment;

ii. Such political contribution or payment to a political party did not exceed $250.00; and

iii. The contributor obtained a return of the political contribution or payment to the political party within 60 calendar days of the date of discovery of such contribution or payment; or

2. The Board determines that the investment management firm has demonstrated in writing that the violation of this subchapter was unintentional and inadvertent, and the Board determines that the beneficiaries of the Police and Firemen's Retirement System, the State taxpayers, and the public are best served by such an exemption.

(b) An investment management firm is entitled to no more than two exemptions in any 12-month period.

(c) An investment management firm may not utilize more than one exemption relating to political contributions or payment to a political party by the same investment management professional or third party solicitor regardless of the time period.

17:50-3.11 Restrictions on Board members

(a) Each Board member shall comply with the reporting provisions of N.J.A.C. 17:50-3.6 for his or her term as a member of the Board.

(b) It is prohibited for any Board member to receive any form of compensation, gratuity, gift, service or payment in connection with the hiring or retention of any investment management firm by the Division during the Board member's term and for a two-year period immediately following the completion of such Board member's term. This subsection shall include any compensation, gratuity, gift, service, or payment to the Board member, the Board member's immediate family, or any partner or associate of the Board member. For the purposes of this subsection, "immediate family" shall mean a person's spouse, child, parent, or sibling residing in the same household or a person's domestic partner as defined in P.L. 2003, c. 246 (N.J.S.A. 26:8A-3).

SUBCHAPTER 4. SECURITIES LENDING TRANSACTIONS

N.J.A.C. 17:50-4

17:50-4.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Cash collateral" means cash and cash equivalents delivered by a borrower to secure its obligations under a securities lending agreement.

"Cash equivalents" mean U.S. Treasury obligations, irrevocable bank letters of credit, or any other security which can be converted immediately to cash.

"Securities lending agent" means a third party engaged by the Division or the Treasurer to effect securities lending transactions on behalf of the eligible fund under the control of the Board.

"Securities lending agreement" means a legal contract between a borrower and an eligible fund under the control of the Board or a securities lending agent on behalf of an eligible fund under the control of the Board, which governs the contractual obligations of the parties.

"Securities lending transactions" means arrangements whereby securities are loaned to a borrower in exchange for cash collateral. Ownership of the securities is transferred temporarily to the borrower.

17:50-4.2 Permissible transactions

(a) Subject to the limitations contained in this subchapter, the Director may enter into securities lending transactions on behalf of the eligible fund under the control of the Board, provided that:

1. The securities are on a list of securities eligible for securities lending transactions maintained by the Director:

2. The borrower is on a list of approved borrowers maintained by the Director;

3. The transaction is evidenced by a written securities lending agreement executed by the borrower and an eligible fund;

4. The collateral is held in a separate account on behalf of the eligible fund;

5. The securities loaned by an eligible fund and the cash collateral delivered by the borrower shall be marked to market each business day. The borrower shall be required to deliver additional collateral in the event the market value of the cash collateral is less than the required percentage of the market value of the loaned securities as required by the securities lending agreement; and

6. The securities lending agent, if applicable, shall establish and maintain such records as are reasonably necessary to account for the securities lending transactions and the income derived therefrom.

(b) The cash collateral shall be reinvested in securities permissible for investment for the eligible fund under this chapter and included on a list of securities permissible for securities lending transactions maintained by the Director.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve securities lending transactions or the reinvestment of cash collateral on a case-by-case basis.

17:50-4.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-4.4 Limitations

(a) Not more than 15 percent of the market value of the assets of the eligible fund shall be loaned to any one borrower.

(b) The required collateral levels by type of security shall be specified in an agreement with the securities lending agent, where applicable, and in each securities lending agreement, but in no event shall the required collateral level be less than 100 percent of the market value of the loaned securities.

(c) If the limitations in this subchapter are not met, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to bring the transactions into compliance, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 5. UNITED STATES TREASURY AND GOVERNMENT AGENCY OBLIGATIONS

N.J.A.C. 17:50-5

17:50-5.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Government Agency Obligations" mean debt obligations of any United States governmental agency that are not explicitly guaranteed by the full faith and credit of the United States Government included on a list of such agencies maintained by the Director.

"United States Treasury Obligations" mean debt obligations of the United States Treasury or any debt obligations that are explicitly guaranteed by the full faith and credit of the United States Government.

17:50-5.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in United States Treasury Obligations and Government Agency Obligations, as well as Treasury receipts, certificates of accrual, collateralized mortgage obligations or similar securities which evidence ownership of interest and/or principal of United States Treasury Obligations or Government Agency Obligations, provided that the Director and a member of his staff certify that the security being considered for purchase is qualitatively substantially identical to the United States

Treasury Obligations or Government Agency Obligations which secure or otherwise support it.

(b) Prior to any commitment to purchase a Government Agency Obligation, it shall be ascertained that the issuer is included on a list of government agencies maintained by the Director.

17:50-5.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

SUBCHAPTER 6. GLOBAL DEBT OBLIGATIONS

N.J.A.C. 17:50-6

17:50-6.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Global debt obligations" mean debt issued by any corporation, bank, trust, master limited partnership, limited liability company, or other form of legal entity.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

17:50-6.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations provided that:

1. The obligor:

i. Is not in default as to the payment of principal or interest upon any of its outstanding obligations. Subsequent to purchase, if the obligor defaults, the obligations do not have to be sold; and

ii. Has a market capitalization or contributed capital of at least $100 million. Subsequent to purchase, if capitalization or contributed capital falls below $100 million, the investment does not have to be sold; and

2. The obligations have a credit rating of Baa3 or higher by Moody's Investors Service, Inc., BBB- or higher by Standard & Poor's Corporation, and BBB- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. If a rating for the obligations has not been obtained from the above services, the obligations may be purchased if the issuer rating meets the minimum rating criteria. Subsequent to purchase, if the ratings fall below the minimum rating for such obligations, they do not have to be sold, and they may be exchanged with obligations with credit ratings lower than the minimum rating if the obligations received in exchange are, on balance, similarly rated.

(b) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, collateralized notes and mortgages, non-convertible preferred stock, and mortgage-backed pass-through securities that do not meet the minimum credit ratings set forth in this section and N.J.A.C. 17:50-8.2, 15.2, and 18.2, respectively; provided, however, the aggregate market value of such investments shall not exceed eight percent of the eligible fund.

(c) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, and non-convertible preferred stock of companies that do not meet the minimum market capitalization or contributed capital set forth in this section and N.J.A.C. 17:50-15.2, respectively; provided, however, the market value of such investments shall not exceed one percent of the eligible fund.

(d) In addition to (a) above, the Director may:

1. Exercise the rights and conversion privileges of any security acquired under this subchapter; and

2. Retain any distribution received as a result of a corporate action, even if such distribution does not meet the requirements of this subchapter.

(e) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of global debt obligations on a case-by-case basis.

17:50-6.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-6.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. The total amount of debt issues directly purchased or acquired for the eligible fund under this subchapter of any one issuer shall not exceed 10 percent of the outstanding long term debt of the issuer, except that this requirement may be waived by the Board;

2. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the eligible fund's assets; and

3. Not more than seven percent of the market value of the assets of the eligible fund shall be directly invested in debt issued through a private placement.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 7. STATE, MUNICIPAL, AND PUBLIC AUTHORITY OBLIGATIONS

N.J.A.C. 17:50-7

17:50-7.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Public authority" means any state or any political subdivision thereof, any authority, department, district, or commission, or any agency or instrumentality of any of the foregoing, or any agency or instrumentality of the Federal government, or a commission or other public body created by an Act of Congress or pursuant to a compact between any two or more states.

"Public authority revenue obligations" means any bonds or other interest-bearing obligations of a public authority, the principal and interest of which are by their terms payable from a specified revenue source.

"State and municipal general obligations" shall mean debt obligations of any state or any municipal or political subdivision thereof that are backed by the full faith and credit of the obligor.

17:50-7.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest moneys of the eligible fund in state and municipal general obligations and public authority revenue obligations, provided that:

1. The obligor is not in default as to the payment of principal or interest upon any of its outstanding obligations; and

2. The obligations have a credit rating of A3 or higher by Moody's Investors Service, Inc., A- or higher by Standard & Poor's Corporation, and A- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. If a rating for the obligations has not been obtained from the above services, the obligations may be purchased if the issuer rating meets the minimum rating criteria. Subsequent to purchase, if ratings fall below the minimum rating for such obligations, they do not have to be sold, and they may be exchanged with obligations with a credit rating lower than the minimum rating if the obligations received in exchange are, on balance, similarly rated.

(d) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of state and municipal general obligations and public authority revenue obligations on a case-by-case basis.

17:50-7.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-7.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. The total amount of debt issues directly purchased or acquired of any one obligor shall not exceed 10 percent of the outstanding debt of the entity, and not more than 10 percent of any one issue, serial note, or maturity may directly be purchased by the eligible fund; and

2. Not more than two percent of the assets of the eligible fund shall be directly invested in the debt of any one obligor.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 8. COLLATERALIZED NOTES AND MORTGAGES

N.J.A.C. 17:50-8

17:50-8.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Collateralized notes and mortgages" mean securities fully collateralized by mortgage-backed securities, credit card receivables, automobile loans, home equity loans, bank loans, or other forms of receivables originated in the United States.

17:50-8.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest or reinvest the moneys of the eligible fund in collateralized notes and mortgages provided that:

1. The obligor is not in default as to the payment of principal or interest upon any of its outstanding obligations. Subsequent to purchase, if the obligor defaults, the obligations do not have to be sold;

2. The collateral must be fully maintained and not under the direct control of the originator of the collateral underlying the obligation, but under the control of a trustee, special purpose vehicle or other independent entity incorporated in the United States; and

3. The issue must be rated Baa3 or higher by Moody's Investor Service, Inc., BBB- or higher by Standard & Poor's Corporation, and BBB- or higher by Fitch Ratings,

except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such issue, it does not have to be sold, and it may be exchanged with issues with credit ratings lower than the minimum rating if the issues received in exchange are, on balance, similarly rated.

(b) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, collateralized notes and mortgages, non-convertible preferred stock, and mortgage-backed pass-through securities that do not meet the minimum credit ratings set forth in N.J.A.C. 17:50-6.2, this section, and N.J.A.C. 17:50-15.2 and 18.2, respectively; provided, however, the aggregate market value of such investments shall not exceed eight percent of the assets of eligible fund.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of collateralized notes and mortgages on a case-by-case basis.

17:50-8.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-8.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. No amount in excess of 25 percent of any one issue may be purchased directly. For the purpose of this limitation, the issue size shall be considered as the principal amount issued pursuant to all classes of securities payable from the returns generated by the underlying collateral;

2. Not more than five percent of the assets of the eligible fund shall be directly invested in the obligations of any one issue; and

3. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 9. INTERNATIONAL GOVERNMENT AND AGENCY OBLIGATIONS

N.J.A.C. 17:50-9

17:50-9.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"International government and agency obligations" mean direct debt obligations of a sovereign government or its political subdivisions, debt obligations of agencies of a sovereign government which are unconditionally guaranteed as to principal and interest by the sovereign government's full faith and credit, and debt obligations of international agencies or financial institutions that are backed, but not necessarily guaranteed, by the collective credit of multiple sovereign governments.

17:50-9.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in international government and agency obligations, provided that the international government and agency obligations have a credit rating of Baa3 or higher by Moody's Investor Service, Inc., BBB- or higher by Standard & Poor's Corporation, and BBB- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available.

(b) Notwithstanding the restrictions contained in (a) above, the Board may approve the purchase of international government and agency obligations on a case-by-case basis.

17:50-9.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-9.4 Limitations

(a) At time of initial purchase, the following conditions shall be met:

1. The total amount of international government and agency debt issues directly purchased or acquired of any one issuer shall not exceed 25 percent of the outstanding debt of the issuer, and not more than 25 percent of any one issue may be purchased at the time of issue, except that these requirements may be waived by the Board; and

2. Not more than five percent of the assets of the eligible fund shall be directly invested in international government and agency obligations.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation of the fund below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 10. GLOBAL DIVERSIFIED CREDIT INVESTMENTS

N.J.A.C. 17:50-10

17:50-10.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Bank loans" mean loans that are originated by commercial and /or investment banks or other lending syndicates. Bank loans are typically comprised of loans to corporations and tend to be the most senior debt in the corporate debt structure.

"Bridge financing" means interim financing used by entities until a long-term financing option can be arranged. Bridge financing typically comes in the form of a debt obligation or equity investment.

"Co-investment" means two parties (usually the limited partner and the general partner of a fund) invest alongside each other. If a limited partner in a fund has co-investment rights, it can invest directly in a company that is also backed by a fund. The institution therefore ends up with two separate stakes in the company - one indirectly through the fund; one directly in the company. Co-investment may also include multiple like-minded institutional investors investing in a specific company or portfolio.

"Commingled fund" means all open-end and closed-end pooled investment vehicles formed for the purpose of investing. A commingled fund may be organized as a group trust, partnership, limited liability company, corporation, insurance company separate account, or other multiple ownership entity. An investment in a commingled fund may take the form of an investment in the fund or in the trustee, general partner, or other managing member of such fund.

"Common stock" means shares of stock, other than preferred stock, representing ownership in a corporation or other form of legal entity.

"Convertible debt issue" means a debt obligation of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Convertible preferred stock" means preferred stock of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Credit structured products" means investments whose cash flow characteristics depend upon a pool of collateral, one or more securities, indices or similar strategies designed to replicate the return of a basket of securities, or that have embedded forwards or options or securities where the investment return is contingent on, or sensitive to, changes in the value of underlying assets, indices, interest rates or cash flows.

"Debtor-in-possession financings" means financing arranged by an entity while under a bankruptcy reorganization process.

"Exchange-traded funds" means funds that invest in underlying securities that track a pre-determined index or strategy, a commodity, or a basket of assets, and whose shares can be traded like shares of common stock.

"Funds-of-funds" mean funds set up to distribute investments among a selection of fund managers, who in turn invest the capital directly.

"Global collateralized notes" means securities collateralized by loans, receivables, claims or any other assets.

"Global diversified credit investments" means investments in opportunistic credit, global collateralized notes, bank loans, mezzanine debt, credit structured products, commercial and residential mortgage-backed securities, commercial and residential whole loans, and other similar strategies, including through equity participation.

"High yield debt" means a debt obligation with a lower credit rating than investment-grade debt.

"Joint venture" means a contractual agreement joining two or more parties for the purpose of executing a particular undertaking. All parties agree to share in the profits and losses of the enterprise. Joint ventures are usually private.

"Mezzanine debt" means subordinated debt which may include embedded equity instruments.

"Mortgage-backed securities" mean asset-backed securities that represent a right to receive a portion of the cash flows from mortgage loans. Residential mortgage-backed securities are typically secured by single-family or two- to-four- family real estate. Commercial mortgage-backed securities are typically secured by commercial and multi-family properties such as apartment buildings, hotels, schools, retail or office properties, industrial properties and other commercial sites.

"Opportunistic credit" means primary and secondary opportunities in performing, stressed, and distressed public and private securities. This includes senior loans, high yield debt, debtor-in-possession financings, and bridge financings, as well as post-reorganization equity.

"Post-reorganization equity" means equity issued by an entity as part of a bankruptcy, reorganization, or other similar restructuring.

"Preferred stock" means shares of stock which provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

"Senior loan" means a debt financing obligation that holds legal claim above other junior debt obligations. Senior loans may include embedded equity instruments.

"Separate account" means an investment vehicle with a single investor that is unaffiliated with its sponsor or manager.

17:50-10.2 Permissible investments

(a) Subject to the applicable limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in global diversified credit investments in any of the following ways:

1. Invest in direct bank loans provided that the borrower:

i. Is not in default as to the payment of principal or interest upon any of its outstanding obligations. Subsequent to purchase, if the borrower defaults, the loans do not have to be sold; and

ii. Has shareholder's equity of at least $200 million. Subsequent to purchase, if shareholder's equity falls below $200 million, the investment does not have to be sold;

2. Invest in separate accounts, funds-of-funds, commingled funds, co-investments, and joint ventures that primarily invest in global diversified credit investments either:

i. Directly by the eligible fund provided that the further provisos in N.J.A.C.17:50-1.4 have been met; or

ii. Through participation in a Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council, which investments shall be subject to the supervision, policies and rules of the State Investment Council.

3. Purchase the common stock of an entity that primarily invests in global diversified credit investments, and whose stock is traded on a securities exchange or over-the-counter market or offered and sold through a private placement; and

4. Purchase exchange-traded funds traded on a securities exchange or the over-the-counter market that primarily invest in global diversified credit investments. For the purposes of this subchapter, exchange-traded funds shall be considered as common stock in determining all applicable limitations contained in this subchapter.

(b) In addition to (a) above, the Director may:

1. Exercise the rights or conversion privileges of any security acquired under this subchapter;

2. Retain any distribution received as a result of a corporate action or distribution by a global diversified credit investment, even if such distribution does not meet the requirements of this subchapter;

3. Purchase the preferred stock, whether convertible or not, or rights of an entity the common stock of which qualifies for investment under this subchapter;

4. Purchase the convertible debt issue of an entity, the common stock of which qualifies for investment under this subchapter; and

5. Purchase stock in new public offerings of entities that primarily invest in global diversified credit investments.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of global diversified credit investments on a case-by-case basis.

(d) Nothing in this subchapter shall preclude the Director from investing the monies of the eligible fund directly in individual collateralized notes and mortgages pursuant to N.J.A.C. 17:50-8 and individual mortgage-backed senior debt securities pursuant to N.J.A.C. 17:50-18.

17:50-10.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-10.4 Limitations

(a) For all investments made under N.J.A.C. 17:50-10.2(a)(2)i, at the time of presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or at the time of purchase of publicly traded securities, the following conditions shall be met:

1. Not more than 10 percent of the market value of the assets of the eligible fund shall be invested in global diversified credit investments, whether directly or through separate accounts, funds-of-funds, commingled funds, co-investments, and joint ventures that primarily invest in global diversified credit investments. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in global diversified credit investments made through a Common Pension Fund;

2. The total amount of direct bank loans purchased or acquired under this subchapter shall not exceed 10 percent of the outstanding long-term debt of the borrower except that these requirements may be waived by the Board;

3. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in global diversified credit investments made through a Common Pension Fund;

4. The total amount of a particular class of stock purchased or acquired of any one issuer shall not exceed 10 percent of that class of stock outstanding; and

5. The total amount of shares directly purchased or acquired of any one exchange-traded fund shall not exceed 10 percent of the total shares outstanding of such fund.

(b) If, subsequent to the time of initial presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or purchase of publicly traded securities, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the eligible fund and shall not be applied to the eligible fund's proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board..

SUBCHAPTER 11. COMMERCIAL PAPER

N.J.A.C. 17:50-11

17:50-11.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Commercial paper" means secured or unsecured short-term debt issued by a company.

17:50-11.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in commercial paper provided that:

1. The issuer is not in default as to the payment of principal or interest upon any of its outstanding obligations;

2. All such securities are payable as to both principal and interest in United States dollars;

3. The maturity of the issue does not exceed 270 days; and

4. The issuer (or any guarantor pledging its full faith and credit to the issue) has a credit rating of P-1 or higher by Moody's Investors Service, Inc., A-1 or higher by

Standard & Poor's Corporation, or F-1 or higher by Fitch Ratings. If a rating for the issue has not been obtained from the above services, the issue may be purchased if the issuer rating meets the minimum rating criteria. Subsequent to purchase, if the rating falls below the minimum rating for such issue, it does not have to be sold, and it may be exchanged with an issue with a credit rating lower than the minimum rating if the issue received in exchange is, on balance, similarly rated.

(b) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of commercial paper on a case-by-case basis.

17:50-11.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-11.4 Limitations

(a) At the time of initial purchase not more than five percent of the market value of the assets of the eligible fund shall be directly invested in the equity and fixed income obligations of any one issuer and affiliated entities.

(b) If, subsequent to initial purchase, the limitation in (a) above is exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 12. CERTIFICATES OF DEPOSIT

N.J.A.C. 17:50-12

17:50-12.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Certificates of deposit" mean debt instruments issued by a bank or trust company, or by a wholly-owned subsidiary or branch of a bank or trust company.

17:50-12.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in certificates of deposit, provided that:

1. The investment in the certificate of deposit is limited to a term of one year or less;

2. The certificate of deposit is in an amount of at least $1 million;

3. If headquartered in the United States or if a United States subsidiary or branch of a foreign bank, the issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation; and

4. If headquartered outside of the United States, the issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) is headquartered in a country which has agreed to adhere to the international capital standards as stipulated in the Basel Accord.

(b) The issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) has a credit rating of P-1 or higher by Moody's Investors Service, Inc., A-1 or higher by Standard & Poor's Corporation, or F-1 or higher by Fitch Ratings. Subsequent to purchase, if the issuer rating fails to meet the minimum rating criteria, the certificate of deposit does not have to be sold.

(c) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of certificates of deposit on a case-by-case basis.

17:50-12.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-12.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. The total investment by the eligible fund in certificates of deposit of any one issuer shall not exceed 10 percent of the issuer's outstanding debt; and

2. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 13. REPURCHASE AGREEMENTS

N.J.A.C. 17:50-13

17:50-13.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Repurchase agreements" mean agreements between parties whereby one party sells another a security at a specified price with a commitment to repurchase the security at a later date at a specified price.

17:50-13.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest moneys of the eligible fund in repurchase agreements, provided that:

1. The seller is a bank or trust company or a wholly-owned subsidiary of such bank or trust company which:

i. Is headquartered in the United States; and

ii. Is a member of the Federal Reserve System; or

2. The seller is a securities broker which:

i. Is headquartered in the United States;

ii. Is registered with the Securities and Exchange Commission; and

iii. Meets the criteria for issuers of Commercial Paper as specified under N.J.A.C. 17:50-11.

3. The seller demonstrates the capacity to wire collateral against payment through the Federal Reserve System to a designated custodian bank;

4. The security subject to repurchase is:

i. An obligation of the United States Government;

ii. An obligation of a United States Government agency eligible for investment under N.J.A.C. 17:50-5;

iii. A collateralized note or mortgage or mortgage-backed security eligible for investment under N.J.A.C. 17:50-8 or 17:50-18, respectively; or

iv. A corporate obligation with a credit rating of Aa3 or higher by Moody's Investors Service, Inc., AA- or higher by Standard & Poor's Corporation, and AA- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available;

5. The maturity of the repurchase agreement shall not exceed 30 days;

6. The market value of the securities delivered pursuant to the repurchase agreement shall be equal to at least 102 percent of the par value of the repurchase agreement; and

7. The securities delivered pursuant to the repurchase agreement shall have a maturity not exceeding 10 years from the date of the repurchase agreement.

(b) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of repurchase agreements on a case-by-case basis.

17:50-13.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

SUBCHAPTER 14. MONEY MARKET FUNDS

N.J.A.C. 17:50-14

17:50-14.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Money market funds" mean mutual funds that invest in short-term debt instruments and seek to maintain a stable share price of one dollar.

17:50-14.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in money market funds provided that the money market funds:

1. Invest primarily in money market securities authorized pursuant to N.J.A.C. 17:50-5 and 17:50-11 through 13;

2. Are in compliance with Rule 2a-7 under the Investment Company Act of 1940 as promulgated by the U.S. Securities and Exchange Commission; and

3. Have a minimum net asset value of $1 billion. Subsequent to purchase, if the net asset value falls below $ 1 billion, the investment does not have to be sold.

(b) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of money market funds on a case-by-case basis.

17:50-14.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-14.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. Not more than 10 percent of the market value of the eligible fund shall be invested in money market funds; and

2. The total amount of shares or units purchased or acquired by the eligible fund of any one money market fund shall not exceed five percent of the shares or units outstanding.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The

Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 15. NON-CONVERTIBLE PREFERRED STOCKS

N.J.A.C. 17:50-15

17:50-15.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Non-convertible preferred stocks" mean shares of stock which provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock. The shares are not convertible into common stock of the issuing entity.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933.

17:50-15.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in non-convertible preferred stock provided that:

1. The stock is traded on a securities exchange or the over-the-counter market or issued through a private placement;

2. The company has a market capitalization or contributed capital of at least $100 million. Subsequent to purchase, if capitalization or contributed capital falls below $100 million, the investment does not have to be sold; and

3. The stock has a credit rating of Baa3 or higher by Moody's Investors Service, Inc., BBB- or higher by Standard & Poor's Corporation, and BBB- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. Subsequent to purchase, if the ratings fall below the minimum rating for such securities, they do not have to be sold, and they may be exchanged with securities with credit ratings lower than the minimum rating if the securities received in exchange are, on balance, similarly rated.

(b) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, collateralized notes and mortgages, non-convertible preferred stock, and mortgage-backed pass-through securities that do not meet the minimum credit ratings set forth in N.J.A.C. 17:50-6.2 and 8.2, this section, and N.J.A.C. 17:50-18.2, respectively; provided, however, the aggregate market value of such investments shall not exceed eight percent of the assets of the eligible fund.

(c) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, and non-convertible preferred stock of companies that do not meet the minimum market capitalization or contributed capital set forth in N.J.A.C. 17:50-6.2 and this section, respectively; provided, however, the market value of such investments shall not exceed one percent of the assets of the eligible fund.

(d) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of non-convertible preferred stock on a case-by-case basis.

17:50-15.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-15.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. The total amount of non-convertible preferred stock purchased or acquired under this subchapter of any one issuer shall not exceed 10 percent of the outstanding non-convertible preferred stock or 25 percent of the issue at the time of issue, except that these requirements may be waived by the Board;

2. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund; and

3. The total amount directly invested in debt issued through a private placement by the eligible fund, shall not exceed seven percent of the assets of the eligible fund.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

N.J.A.C. 17:50-16

Reserved

SUBCHAPTER 17. GLOBAL EQUITY INVESTMENTS

N.J.A.C. 17:50-17

17:50-17.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Closed-end global, regional, or country funds" mean funds that invest in underlying securities that concentrate on a specific industry, geographic market, or sector.

"Common stock" means shares of stock, other than preferred stock, representing ownership in a corporation or other form of legal entity.

"Convertible debt issue" means a debt obligation of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Convertible preferred stock" means preferred stock of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Equity investments" mean common stock, convertible and non-convertible preferred stock, rights, convertible debt issues, or any other security representing an ownership interest in a corporation, bank, master limited partnership, limited liability company, limited liability partnership, or other form of legal entity. Equity investments may also include investments in exchange-traded funds and closed-end global, regional, or country funds.

"Exchange-traded funds" mean funds that invest in underlying securities that track a predetermined index or strategy, a commodity, or a basket of assets, and whose shares can be traded like shares of common stock.

"Non-convertible preferred stock" means preferred stock of any corporation or other form of legal entity that is not convertible into the common stock of the entity.

"Preferred stock" means shares of stock that provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

17:50-17.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in global equity investments traded on a securities exchange or the over-the-counter market, or offered and sold through a private placement.

(b) In addition to (a) above, the Director may:

1. Exercise the rights or conversion privileges of any global equity investment acquired under this subchapter;

2. Purchase the convertible preferred stock or rights of an entity, the common stock of such entity which qualifies for investment under this subchapter;

3. Purchase the convertible debt issue of an entity, the common stock of such entity which qualifies for investment under this subchapter;

4. Purchase stock in new public offerings of entities; and

5. Retain any distribution received as a result of a corporate action, even if the security distributed does not meet the requirements of this subchapter.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of global equity investments on a case-by-case basis.

17:50-17.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-17.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. The combined market value of global equity investments, excluding exchange traded funds that invest in fixed income assets, strategies or indices, held directly by the eligible fund under this subchapter shall not exceed 70 percent of the total market value of the assets of the eligible fund. The Board shall be notified at the next regularly scheduled meeting of the Board when the combined market value of the equity investments held by the eligible fund reaches or exceeds 68 percent of the total market value of the assets of the eligible fund. Subsection (b) below shall apply when the

combined market value of the equity investments held by the eligible fund exceeds 70 percent of the total market value of the assets of the eligible fund;

2. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund shall not exceed five percent of the assets of the eligible fund;

3. The total amount of a particular class of stock directly purchased or acquired of any one entity shall not exceed 10 percent of that class of stock outstanding;

4. The total amount of shares or interests directly purchased or acquired of any one exchange-traded fund or closed-end global, regional, or country fund shall not exceed 10 percent of the total shares outstanding or interests of such fund; and

5. The total amount directly invested in equity investments issued through a private placement by the eligible fund shall not exceed two percent of the assets of the eligible fund.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 18. MORTGAGE-BACKED SENIOR DEBT SECURITIES; MORTGAGE-BACKED PASSTHROUGH SECURITIES

N.J.A.C. 17:50-18

17:50-18.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Mortgage-backed senior debt securities" mean senior debt securities that are fully collateralized by mortgage securities.

"Mortgage-backed pass-through securities" mean pass-through securities that are fully collateralized by residential or commercial mortgage securities and are issued by a sponsor deemed by the Director to be based in the United States. In determining whether a sponsor is based in the United States, the Director shall consider factors including, but not limited to, the sponsor's country of incorporation, its main equity trading market, its shareholder base, the geographical distribution of its operations, the location of its headquarters, and the country in which investors consider the sponsor to be most appropriately classified.

17:50-18.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in mortgage-backed senior debt securities provided that the issue must be $50,000,000 or more in size.

(b) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in mortgage-backed passthrough securities provided that:

1. The issue has been registered with the Securities and Exchange Commission, except that this requirement may be waived by the Board;

2. The sponsor is not in default as to the payment of principal or interest upon any of its outstanding obligations. If subsequent to purchase, the sponsor defaults, the investment does not have to be sold; and

3. The issue has a credit rating of A3 or higher by Moody's Investors Service, Inc., A- or higher by Standard & Poor's Corporation, and A- or higher by Fitch Ratings, except that two of three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such issue, it does not have to be sold, and it may be exchanged with an issue with a credit rating lower than the minimum rating if the issue received in exchange is, on balance, similarly rated.

(c) Notwithstanding the restrictions in (b) above, the Director may invest and reinvest the moneys of the eligible fund in global debt obligations, collateralized notes and mortgages, non-convertible preferred stock, and mortgage-backed pass-through securities that do not meet the minimum credit ratings set forth in N.J.A.C. 17:50-6.2, 8.2, and 15.2, and this section, respectively; provided, however, the aggregate market value of such investments shall not exceed eight percent of the assets of the eligible fund.

(d) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of mortgage-backed securities on a case-by-case basis.

17:50-18.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-18.4 Limitations

(a) At the time of initial purchase, the following conditions shall be met:

1. Not more than 25 percent of any one issue of mortgage backed senior debt securities may be directly purchased at the time of issue, except that this requirement may be waived by the Board;

2. Not more than five percent of the market value of the assets of the eligible fund shall be directly invested in any one issue; and

3. Not more than 10 percent of the assets of the eligible fund shall be directly invested in mortgage-backed senior debt securities and mortgage-backed pass-through securities.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 19. REAL ASSETS

N.J.A.C. 17:50-19

17:50-19.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Co-investment" means two parties (usually the limited partner and the general partner of a fund) invest alongside each other in the same company, portfolio, or property. If an investor in a fund has co-investment rights, it can invest directly in a company, portfolio, or property in which the fund also invests. The investor, therefore, ends up with two separate stakes – one indirectly through the fund; one directly in the company, portfolio, or property. Co-investment may also include multiple like-minded institutional investors investing in a specific company, portfolio, or property.

"Commingled funds" means all open-end and closed-end pooled investment vehicles. A commingled fund may be organized as a group trust, partnership, limited liability company, corporation, insurance company separate account, or other multiple ownership entity. An investment in a commingled fund may take the form of an investment in the fund or in the trustee, general partner, or other managing member of such fund.

"Commodity-linked investments" means equity or debt investments from which all or a portion of the return is linked to the price of a particular commodity or equity security, or to an index of such prices. These include commodity-indexed deposits, loans, debt issues, and derivative products, such as forwards, futures, options, and swaps. In these transactions, the interest, principal, or both, or payment streams in the case of swaps, are linked to the price of a commodity.

“Commodity-related investments” mean equity or debt investments in the exploration, production, processing, transportation, storage, or trading of commodities, or other similar activities.

"Common stock" means shares of stock, other than preferred stock, representing ownership in a corporation or other form of legal entity.

“Convertible debt issue” means a debt obligation of any corporation or other form of legal entity which is convertible into the common stock of the entity.

“Convertible preferred stock” means preferred stock of any corporation or other form of legal entity which is convertible into the common stock of the entity.

"Core real estate" means investments in existing, stabilized (meaning at least 80 percent occupied), well-leased assets.

"Direct investment" means the purchase of an interest in a company or venture directly by an eligible fund, rather than through an external investment vehicle.

"East" means Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New Jersey, New York, Pennsylvania, Delaware, Kentucky, Maryland, North Carolina, South Carolina, Virginia, Washington D.C. and West Virginia.

"Exchange-traded funds" mean funds that invest in underlying securities that track a predetermined index or strategy, a commodity, or a basket of assets, and whose shares can be traded like shares of common stock.

"Funds-of-funds" means funds set up to distribute investments among a selection of fund managers, who in turn invest the capital directly.

"Joint venture" means a contractual agreement joining two or more parties for the purpose of executing a particular undertaking. All parties agree to share in the profits and losses of the enterprise. Joint ventures are usually private.

"Midwest" means Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.

"Non-core real estate" means value-added or opportunistic strategies, including direct property investment with lease-up, development, or redevelopment risk. Non-core real estate includes recapitalizations across capital structures and property types and access to niche markets.

"Preferred stock" means shares of stock which provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

"Real asset investments" mean equity or debt investments in real estate, infrastructure, energy, utilities, water, timber, agriculture, metals, mining and royalty trusts, and commodity-related and commodity-linked investments. Real asset investments include investments in products, services and technology related to the above.

"Real estate" includes core real estate and non-core real estate.

"Royalty trusts" mean investments that generate an income stream for investors; these primarily include natural resource assets, and pharmaceuticals and medical devices.

"Separate account" means an investment vehicle with a single investor that is unaffiliated with its sponsor or manager.

"South" means Alabama, Florida, Georgia, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma and Texas.

"West" means Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Alaska, California, Hawaii, Oregon and Washington.

17:50-19.2 Permissible investments

(a) Subject to the applicable limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in real assets in any of the following ways:

1. Invest in real assets through direct investments, separate accounts, commingled funds, co-investments, funds-of-funds, and joint ventures either:

i. Directly by the eligible fund provided that the further provisos in N.J.A.C.17:50-1.4 have been met; or

ii. Through participation in a Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council, which investments shall be subject to the supervision, policies and rules of the State Investment Council.

2. Purchase the common stock of an entity that primarily invests in real assets, and whose stock is traded on a securities exchange or over-the-counter market or offered

and sold through a private placement; and

3. Purchase exchange-traded funds traded on a securities exchange or the over-the-counter market that primarily invest in real assets. For the purposes of this subchapter, exchange-traded funds shall be considered as common stock in determining all applicable limitations contained in this subchapter.

(b) In addition to (a) above, the Director may:

1. Exercise the rights or conversion privileges into the common stock of any security acquired under this subchapter;

2. Purchase the preferred stock, whether convertible or not, or rights of an entity, the common stock of which qualifies for investment under this subchapter;

3. Purchase the convertible debt issue of an entity, the common stock of which qualifies for investment under this subchapter;

4. Purchase stock in new public offerings of entities that primarily invest in real assets; and

5. Retain any distribution received as a result of a corporate action or distribution by a real asset investment, even if the security does not meet the requirements of this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of real assets on a case-by-case basis.

17:50-19.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

)

17:50-19.4 Limitations

(a) For all investments made under N.J.A.C. 17:50-19.2(a)(1)i, at the time of presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or at the time of purchase of publicly traded securities, the following conditions shall be met:

1. The aggregate market value of the investment in real estate under this subchapter shall not exceed nine percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in real estate investments made through a Common Pension Fund;

2. The maximum consolidated principal amount of leverage within the real estate portfolio shall not exceed 50 percent and 75 percent of the gross market value of the investment in core real estate and non-core real estate, respectively. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

3. No more than five percent of the assets of the eligible fund may be invested in real estate located outside the United States. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This

limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

4. No more than seven percent of the assets of the eligible fund may be invested in a single real estate property type, such types being defined as office, retail, apartment/multi-family, hotel, industrial, and specialty use. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in the real estate investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

5. No more than five percent of the assets of the eligible fund may be invested in direct investments, co-investments, and joint ventures investing in real estate in any one region of the United States, such regions being defined as: East, South, Midwest, and West. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in the real estate investments made through a Common Pension Fund. This limitation shall not apply to investments in common and preferred stock, exchange-traded funds, and convertible issues;

6. No more than seven percent of the market value of the assets of the eligible fund may be invested in real assets other than real estate. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in the real asset investments made through a Common Pension Fund;

7. The total amount directly invested in the equity and fixed income

obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in the real estate investments made through a Common Pension Fund;

8. The total amount of a particular class of stock purchased or acquired of any one issuer eligible for investment pursuant to N.J.A.C.17:50-19.2(a)2 and (b) shall not exceed 10 percent of that class of stock outstanding; and

9. The total amount of shares directly purchased or acquired any one exchange-traded fund shall not exceed 10 percent of the total shares outstanding of such fund.

(b) If, subsequent to the time of initial presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or purchase of publicly traded securities, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the eligible fund and shall not be applied to the eligible fund's proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 20. FOREIGN CURRENCY TRANSACTIONS

N.J.A.C. 17:50-20

17:50-20.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Foreign currency transactions" mean agreements between two parties to exchange two currencies at a specific time in the future. Foreign currency transactions include both spot and forward contracts.

"Forward contracts" mean agreements to sell or buy a specified amount of a specified foreign currency at a rate fixed at the time of the transaction but with delivery at a specified future time. These contracts take place on a date after the date that a spot contract settles. Forward exchange contracts may involve the purchase or sale of foreign currency.

"Hedging" means combining a long position in an asset denominated in a currency other than United States dollars with a short position in the international currency in which the asset is denominated in order to offset fluctuations in the value of the underlying asset attributable to international currency fluctuations.

"Spot contracts" mean agreements to sell or buy a specified amount of a specified foreign currency at a rate fixed at the time of the transaction but with settlement (payment and delivery) on the spot date. The settlement cycle of spot contracts is generally related to the settlement cycle of the related security transaction.

17:50-20.2 Permissible investments

(a) Subject to the limitations in this subchapter, the Director may enter into spot contracts for the purpose of settling investment transactions denominated in foreign currency.

(b) Subject to the limitations contained in this subchapter, the Director may enter into forward contracts for the purpose of hedging the eligible fund's international portfolio.

(c) Counterparties to foreign currency transactions shall be approved by and included on a list maintained by the Director. At the time of each transaction, the counterparty (or any guarantor pledging its full faith and credit to the transaction) shall have a long term credit rating of Baa2 or higher by Moody's Investors Service, Inc, BBB or higher by Standard & Poor's Corporation, and BBB or higher by Fitch Ratings, or the counterparty must be approved by the Board, except that two of the three ratings are sufficient and one of the three ratings is sufficient if only one rating is available.

(d) Notwithstanding the restrictions in this subchapter, the Board may approve the entering into foreign currency transactions on a case-by-case basis.

17:50-20.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-20.4 Limitations

With respect to international securities, the portfolio should be unhedged, except in such instances in which the Director believes that unusual circumstances exist in which hedging would serve to improve and protect the inherent returns of the international portfolio.

SUBCHAPTER 21. FUTURES CONTRACTS

N.J.A.C. 17:50-21

17:50-21.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Futures contract" means an agreement between a buyer and a seller that is based on a referenced item, such as financial indices or interest rates, or a financial instrument, such as equity or fixed income securities, physical commodities, or currencies. Futures contracts may call for physical delivery of a specified quantity of the underlying asset at a specified price (futures or strike price) and date, or be settled in cash. Prices are determined by competitive bids on the applicable exchange. The terms of the contract are standardized and the applicable exchange is the counterparty to each cleared transaction.

17:50-21.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in futures contracts provided that the futures contracts trade on a securities exchange or the over-the-counter market.

(b) The Director may deliver securities to satisfy contractual obligations pursuant to the Division's purchase and sale of a futures contract.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve the purchase of futures contracts on a case-by-case basis.

17:50-21.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-21.4 Limitations

(a) At the time of each transaction, the following conditions shall be met:

1. Each transaction shall be subject to applicable market or other regulatory position limits;

2. The aggregate market value of each asset class, together with the notional value of any futures contract obligations should be within the asset allocation range for the respective asset class; and

3. The total aggregate notional value of all futures contracts shall not exceed an amount equal to five percent of the assets of the eligible fund, except that this limit may be increased to an amount not to exceed 10 percent by the Director for a fixed period of time after consultation with the Investment Committee of the Board. Long and short positions shall not be netted when computing total aggregate notional value.

(b) If, subsequent to the initial transaction, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 22. SWAP TRANSACTIONS

N.J.A.C. 17:50-22

17:50-22.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Credit default swap transactions" mean agreements between two parties, whereby one party makes periodic payments to the other party and receives the promise of a payoff if a third party defaults. The former party receives credit protection and is said to be the "buyer" while the other party provides credit protection and is said to be the "seller." The risk of default is transferred from the buyer of the swap to the seller of the swap.

"Currency swap transactions" mean agreements between two parties that involves the exchange of principal and interest in one currency for the same in another currency.

"Equity swap transactions" mean agreements between two parties to exchange cash flows while still holding the original assets. The two sets of nominally equal cash flows are exchanged per the terms of the swap, and may involve an equity-based cash flow that is traded for a fixed-income cash flow.

"Interest rate swap transactions" mean agreements between two parties where one stream of future interest payments is exchanged for another according to a prearranged formula. Interest rate swap transactions often exchange a fixed payment for a floating payment that is linked to an interest rate.

"Swap transactions" mean agreements between two parties to exchange securities or cash flows in the future, according to a prearranged formula. Swap transactions may include equity swap transactions, currency swap transactions, interest rate swap transactions and credit default swap transactions.

17:50-22.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may enter into swap transactions, including index-based swap transactions, on behalf of the eligible fund provided that:

1. Swap transactions shall be listed on a securities exchange, traded on an over-the-counter market or be bid/offered on a competitive basis with multiple broker dealers;

2. Credit default swap transactions may only be purchased for fixed income securities held in the pertinent portfolio of the eligible fund, except that index-based swaps may be purchased if the Director determines that a significant number of the underlying obligations contained in the index correspond to securities eligible for investment by, and are actually held in the portfolio of, the eligible fund; and

3. The counterparty (or any guarantor pledging its full faith and credit to the transaction) has been approved by and is included on a list maintained by the Director. At the time of each transaction, the counterparty (or any guarantor pledging its full faith and credit to the transaction) shall have a long term credit rating of Baa2 or higher by Moody's Investors Service, Inc, BBB or higher by Standard & Poor's Corporation, and BBB or higher by Fitch Ratings, or the counterparty must be approved

by the Board, except that two of the three ratings are sufficient and one of the three ratings is sufficient if only one rating is available.

(b) Notwithstanding the restrictions in this subchapter, the Board may approve swap transactions on a case-by-case basis.

17:50-22.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-22.4 Limitations

(a) At the time of entering into a swap transaction:

1. The notional value of net exposure to any one counterparty shall not exceed one percent of the value of the eligible fund; and

2. The total aggregate notional value of all swap transactions shall not exceed five percent of the assets of the eligible fund, except that this limit may be increased to an amount not to exceed 10 percent by the Director for a fixed period of time after consultation with the Investment Committee of the Board.

(b) If, subsequent to entering into a swap transaction, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the net exposure below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 23. COVERED CALL OPTIONS

N.J.A.C. 17:50-23

17:50-23.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Covered call options" mean call options, including index-based call options, sold on common stocks held in the pertinent portfolio, except that index-based call options may be sold and subsequently repurchased if substantially all of the underlying securities contained in the index correspond to securities eligible for investment by, and are actually held in the portfolio of, the eligible fund.

17:50-23.2 Permissible transactions

(a) Subject to the limitations contained in this subchapter, the Director may sell and repurchase covered call options on behalf of the eligible fund, provided that any covered call option purchased or sold shall be listed on a securities exchange, traded on the over-the-counter market or be bid/offered on a competitive basis with multiple broker dealers.

(b) Notwithstanding the restrictions in this subchapter, the Board may approve covered call options on a case-by-case basis.

17:50-23.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

SUBCHAPTER 24. PUT OPTIONS

N.J.A.C. 17:50-24

17:50-24.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Put options" mean put options, including index-based put options, purchased or written for securities, assets, or foreign currencies permissible for investment in the eligible fund.

"Put spreads" mean the purchase of put options on particular underlying securities, assets, or foreign currencies permissible for investment in the eligible fund, with the simultaneous writing of put options on the same underlying securities, assets, or currencies, at a lower strike price.

17:50-24.2 Permissible transactions

(a) Subject to the limitations contained in this subchapter, the Director may purchase and subsequently sell put options, including index-based put options, on behalf of the eligible fund, provided that any put option purchased or sold shall be listed on a securities exchange, traded on the over-the-counter market, or be bid/offered on a competitive basis with multiple broker dealers.

(b) Subject to the limitations contained in this subchapter, the Director may execute and subsequently terminate put spreads, provided that the purchased and written put options shall be for the same number of contracts, and shall be listed on a securities exchange, traded on the over-the-counter market or be bid/offered on a competitive basis with multiple broker dealers.

(c) Notwithstanding the restrictions in this subchapter, the Board may approve put options or put spreads on a case-by-case basis.

17:50-24.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-24.4 Limitations

(a) The difference between the aggregate market value of purchased put options and written put options outstanding at any one time cannot exceed two percent of the market value of the eligible fund.

(b) If subsequent to purchasing or writing put options, the limitation in (a) above is exceeded, the Director shall sell put options in an amount necessary to comply with such limitation.

SUBCHAPTER 25. PRIVATE EQUITY

N.J.A.C. 17:50-25

17:50-25.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Buyout investment" means the acquisition of an established company. The acquisition may or may not be leveraged.

"Co-investment" means two parties (usually the limited partner and the general partner of a fund) invest alongside each other in the same company. If an investor in a fund has co-investment rights, it can invest directly in a company that is also backed by the fund. The investor therefore ends up with two separate stakes in the company - one indirectly through the fund; one directly in the company. Co-investment may also include multiple like-minded institutional investors investing in a specific company or portfolio.

"Commingled fund" means all open-end and closed-end pooled investment vehicles. A commingled fund may be organized as a group trust, partnership, limited liability company, corporation, insurance company separate account, or other multiple ownership entity. An investment in a commingled fund may take the form of an investment in the fund or in the trustee, general partner, or other managing member of such fund.

"Common stock" means shares of stock, other than preferred stock, representing ownership in a corporation or other form of legal entity.

"Convertible debt issue" means a debt obligation of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Convertible preferred stock" means preferred stock of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Debt related investment" means the purchase of investments in debt instruments which may include equity participation.

"Direct investment" means the purchase of an interest in a company or venture directly by an eligible fund, rather than through an external investment vehicle.

"Exchange-traded funds" means funds that invest in underlying securities that track a pre-determined index or strategy, a commodity, or a basket of assets, and whose shares can be traded like shares of common stock.

"Funds-of-funds" means funds set up to distribute investments among a selection of fund managers, who in turn invest the capital directly.

"Joint venture" means a contractual agreement joining two or more parties for the purpose of executing a particular undertaking. All parties agree to share in the profits and losses of the enterprise. Joint ventures are usually private.

"Preferred stock" means shares of stock which provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section

4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

"Private equity" means investments in companies or entire business units in order to either restructure the target company's reserve capital, management and/or organizational structure or facilitate ongoing growth of the firm. Private equity firms generally receive a return on their investment through an initial public offering, sale, or merger of the company they control, or a recapitalization. Private equity may consist of buyout investments, venture capital investments, and debt-related investments.

"Separate account" means an investment vehicle with a single investor that is unaffiliated with its sponsor or manager.

"Venture capital investment" means investment in the equity of a small, privately-owned, high-growth company during its early or expansion stages.

17:50-25.2 Permissible investments

(a) Subject to the applicable limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in private equity in any of the following ways:

1. Invest in buyout investments, venture capital investments, and debt related investments through separate accounts, funds-of-funds, commingled funds, direct investments, co-investments, and joint ventures either:

i. Directly by the eligible fund provided that the further provisos in N.J.A.C.17:50-1.4 have been met; or

ii. Through participation in a Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council, which investments shall be subject to the supervision, policies and rules of the State Investment Council.

2. Purchase the common stock of an entity that primarily invests in private equity, and whose stock is traded on a securities exchange or over-the-counter market or offered and sold through a private placement; and

3. Purchase exchange-traded funds traded on a securities exchange or the over-the-counter market that primarily invest in private equity. For the purposes of this subchapter, exchange-traded funds shall be considered as common stock in determining all applicable limitations contained in this subchapter.

(b) In addition to (a) above, the Director may:

4. Exercise the rights or conversion privileges of any security acquired under this subchapter;

5. Purchase the preferred stock, whether convertible or not, or rights of an entity the common stock of which qualifies for investment under this subchapter;

6. Purchase the convertible debt issue of an entity, the common stock of which qualifies for investment under this subchapter;

7. Purchase stock in new public offerings of entities that primarily invest in private equity; and

8. Retain any distribution received as a result of a corporate action or distribution by a private equity investment, even if the security does not meet the requirements of this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of private equity on a case-by-case basis.

17:50-25.3 Eligible Fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicles(s) as may be established by or at the direction of the Board.

17:50-25.4 Limitations

(a) For all investments made under N.J.A.C. 17:50-25.2(a)(1)i, at the time of presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or at the time of purchase of publicly traded securities, the following conditions shall be met:

1. The aggregate market value of private equity investments under this subchapter shall not exceed 12 percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in private equity investments made through a Common Pension Fund;

2. No more than 12 percent of the assets of the eligible fund may be invested in buyout investments, and no more than seven percent of the assets of the eligible fund may be invested in buyout investments outside of the United States. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments

made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

3. No more than five percent of the assets of the eligible fund may be invested in venture capital investments, and no more than three percent of the assets of the eligible fund may be invested in venture capital investments outside of the United States. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

4. No more than 12 percent of the assets of the eligible fund may be invested in debt-related investments, and no more than seven percent of the assets of the eligible fund may be invested in debt-related investments outside of the United States. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

5. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible

fund's proportionate interest in investments made through a Common Pension Fund;

6. The total amount of a particular class of stock purchased or acquired of any one issuer shall not exceed 10 percent of that class of stock outstanding; and

7. The total amount of shares directly purchased or acquired of any one exchange-traded fund shall not exceed 10 percent of the total shares outstanding of such fund.

(b) If, subsequent to the time of initial presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or purchase of publicly traded securities, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the eligible fund and shall not be applied to the eligible fund's proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board. .

SUBCHAPTER 26. OPPORTUNISTIC INVESTMENTS

N.J.A.C. 17:50-26

17:50-26.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Opportunistic investments" mean investments which have one or more readily identifiable attributes which are sufficiently different from those of other asset classes permitted under this chapter so as to be outside the scope of such asset classes.

17:50-26.2 Permissible investments

(a) Subject to the applicable limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in opportunistic investments either directly by the eligible fund or through participation in a Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council, which investments shall be subject to the supervision, policies and rules of the State Investment Council, provided that:

1. For all investments made directly by the eligible fund:

i. The Director shall provide the Investment Committee of the Board, prior to any binding commitment, with the requested due diligence information for all opportunistic investments made directly by the eligible fund recommended by the Division and a formal written report for each such investment; and

ii. The Director shall provide an informational memorandum to the Board of every opportunistic investment made, which memorandum shall be provided at the next regularly scheduled meeting of the Board subsequent to the date such investment has been made.

2. For all investments made through participation in a Common Pension Fund, the Director shall provide an informational memorandum to the Board of every opportunistic investment made through a Common Pension Fund, which memorandum shall be provided at the next regularly scheduled meeting of the Board subsequent to the date such investment has been made.

17:50-26.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the discretion of the Board.

17:50-26.4 Limitations

(a) At the time of presentation to the Investment Committee, the following conditions shall be met:

1. Not more than seven percent of the assets of the eligible fund shall be invested in opportunistic investments in the aggregate. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the

eligible fund's proportionate interest in opportunistic investments made through a Common Pension Fund; and

2. Not more than two percent of the assets of the eligible fund shall be invested in any one opportunistic investment. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in any one opportunistic investment made through a Common Pension Fund.

(b) If, subsequent to the time of initial presentation to the Investment Committee in accordance with this subchapter, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the eligible fund and shall not be applied to the eligible fund's proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board.

SUBCHAPTER 27. ABSOLUTE RETURN STRATEGY INVESTMENTS

N.J.A.C. 17:50-27

17:50-27.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Absolute return strategy" means an investment strategy with the goal of achieving positive returns with less correlation than long-only strategies to traditional performance benchmarks.

"Commingled fund" means all open-end and closed-end pooled investment vehicles. A commingled fund may be organized as a group trust, partnership, limited liability company, corporation, insurance company separate account, or other multiple ownership entity. An investment in a commingled fund may take the form of an investment in the fund or in the trustee, general partner, or other managing member of such fund.

"Commodity trading advisor fund" means a fund trading commodities, currencies and financial futures using mostly trend-following systems but sometimes discretionary/fundamental models.

"Common stock" means shares of stock, other than preferred stock, representing ownership in a corporation or other form of legal entity.

"Convertible debt issue" means a debt obligation of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Convertible preferred stock" means preferred stock of any corporation or other form of legal entity that is convertible into the common stock of the entity.

"Credit oriented fund" means a fund investing in convertible bond arbitrage, fixed income arbitrage, credit instruments, securities of companies under distress (in bankruptcy or close to bankruptcy), or other similar strategies primarily involving investment in fixed income securities.

"Direct investment" means the purchase of an interest in a company or venture directly by an eligible fund, rather than through an external investment vehicle.

"Equity long/short strategy" means holding a combination of long and short positions primarily in publicly traded equities, with a net market exposure less than that of the overall equity market.

"Equity market neutral strategy" means holding a combination of long and short positions primarily in publicly traded equities, with minimal net market exposure to the overall equity market.

"Equity oriented fund" means a fund investing primarily in publicly traded positions employing equity long/short, quantitative, equity market neutral, event driven or other similar strategies.

"Event driven strategy" means merger arbitrage, capital structure arbitrage, relative value, activist or other similar strategies.

"Exchange-traded funds" means funds that invest in underlying securities that track a predetermined index or strategy, a commodity, or a basket of assets, and whose shares can be traded like shares of common stock.

"Funds-of-funds" means funds set up to distribute investments among a selection of fund managers, who in turn invest the capital directly.

"Global macro fund" means a fund investing in top-down, fundamental investments on global price movements in all markets, countries and currencies.

"Multi-strategy fund" means a fund that employs a combination of strategies including strategies employed by credit oriented funds, equity oriented funds, and opportunistic funds.

"Opportunistic fund" means a fund investing in speculative opportunities with high net market exposure across varied markets. Opportunistic funds include global macro funds, commodity trading advisor funds, tail risk hedging funds and funds employing other similar strategies.

"Preferred stock" means shares of stock which provide a dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

"Private placement" means a negotiated sale in which the securities are sold directly to institutional or private investors, rather than through a public offering registered with the U.S. Securities and Exchange Commission or applicable foreign regulatory body. Private placement includes the sale of securities pursuant to Section 4(2), Regulation D, Regulation S, or Rule 144A under the Securities Act of 1933, as amended.

"Quantitative strategy" means the use of mathematical techniques to identify profit opportunities arising from relationships affecting the prices of various securities.

"Separate accounts" means an investment vehicle with a single investor that is unaffiliated with its fund sponsor or manager.

"Tail risk hedging fund" means a fund that hedges the risk that a rare event will significantly and adversely affect the value of an asset or portfolio.

17:50-27.2 Permissible investments

(a) Subject to the applicable limitations contained in this subchapter, the Director may invest and reinvest the moneys of the eligible fund in absolute return strategy investments in any of the following ways:

1. Invest in credit oriented funds, equity oriented funds, opportunistic funds or multi-strategy funds through commingled funds, funds-of-funds, separate accounts, managed accounts, and direct investments in individual funds either:

i. Directly by the eligible fund provided that the further provisos in N.J.A.C.17:50-1.4 have been met; or

ii. Through participation in a Common Pension Fund made available for investment of funds under the supervision of the Board by the State Investment Council, which investments shall be subject to the supervision, policies and rules of the State Investment Council.

2. Purchase the common stock of an entity that primarily invests in absolute return strategy investments, and whose stock is traded on a securities exchange or over-the-counter market or offered and sold through a private placement; and

3. Purchase exchange-traded funds traded on a securities exchange or the over-the-counter market that primarily invests in absolute return strategy investments. For the purposes of this subchapter, exchange-traded funds shall be considered as

common stock in determining all applicable limitations contained in this subchapter.

(b) In addition to (a) above, the Director may:

1. Exercise the rights or conversion privileges of any security acquired under this subchapter;

2. Purchase the preferred stock, whether convertible or not, or rights of an entity, the common stock of which qualifies for investment under this subchapter;

3. Purchase the convertible debt issue of an entity, the common stock of which qualifies for investment under this subchapter;

4. Purchase stock in new public offerings of entities that primarily invest in absolute return strategy investments; and

5. Retain any distribution received as a result of a corporate action or distribution by a fund, even if the security does not meet the requirements of this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Board may approve the purchase of absolute return strategy investments on a case-by-case basis.

17:50-27.3 Eligible fund

For purposes of this subchapter, the eligible fund shall include the Police and Firemen's Retirement System and any investment vehicle(s) as may be established by or at the direction of the Board.

17:50-27.4 Limitations

(a) For all investments made under N.J.A.C. 17:50-27.2(a)(1)i, at the time of presentation to the Board (or, for investments under $50 million, the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a), or at the time of purchase of publicly traded securities, the following conditions shall be met:

1. The aggregate market value of absolute return strategy investments under this subchapter shall not exceed 15 percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund;

2. No more than 10 percent of the assets of the eligible fund may be invested in credit oriented funds, and no more than one percent of the assets of the eligible fund may be invested directly in any individual credit oriented fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

3. No more than 10 percent of the assets of the eligible fund may be invested in equity oriented funds, and no more than one percent of the assets of the eligible fund may be invested directly in any individual equity oriented fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

4. No more than 12 percent of the assets of the eligible fund may be invested in opportunistic funds, and no more than two percent of the assets of the eligible fund may be invested directly in any individual opportunistic fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

5. No more than 15 percent of the assets of the eligible fund may be invested in multi-strategy funds, and no more than 2.5 percent of the assets of the eligible fund may be invested directly in any individual multi-strategy fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund. This limitation shall not apply to direct investments in common and preferred stock, exchange-traded funds, and convertible debt issues;

6. The total amount directly invested in the equity and fixed income obligations of any one issuer and affiliated entities by the eligible fund, shall not exceed five percent of the assets of the eligible fund. Calculation of this limitation shall be applied to the aggregate of investments made directly by the eligible fund and the eligible fund's proportionate interest in investments made through a Common Pension Fund;

7. The total amount of a particular class of stock purchased or acquired of any one issuer eligible for investment pursuant to N.J.A.C.17:50-25.2(a)2 and (b) shall not exceed 10 percent of that class of stock outstanding; and

8. The total amount of shares directly purchased or acquired of any one

exchange-traded fund shall not exceed 10 percent of the total shares outstanding of such fund.

(b) If, subsequent to the time of initial presentation to the Board (or, for investments under $50 million the Investment Committee) in accordance with N.J.A.C. 17:50-1.4(a) or purchase of publicly traded securities, the limitations in (a) above are exceeded, then the Board shall be notified at the next regularly scheduled meeting of the Board. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, provided that: (i) the reduction shall be achieved solely by the reduction of investments made directly by the eligible fund and shall not be applied to the eligible fund's proportionate interest in investments made through a Common Pension Fund; and (ii) the period of grace may be extended for additional four-month periods with the approval of the Board.

(c) For investments in funds-of-funds, the limitations in (a) above shall apply to the underlying investments, and not to the funds-of-funds themselves.

PFRSNJ
6-10-19
B-4 Supp

PFRS Summary of Proposed Credit and Concentration Limitations

Subch.	Category	Minimum rating: Moody's	Minimum rating: S&P	Minimum rating: Fitch	Limitations: Issuer's outstanding debt or equity	Limitations: Issue	Other limitations
1	General Provisions	N/A	N/A	N/A	N/A	N/A	Aggregate[1] in real assets, private equity, and absolute return strategy: 38% Aggregate[1] of global diversified credit, real assets, private equity and absolute return strategy investments in one partnership/investment: 5% or Board approval Aggregate[1] investments in global diversified credit, real assets, private equity and absolute return strategy cannot comprise more than 20% of an investment manager's assets
2	State of New Jersey Cash Management Fund	N/A	N/A	N/A	N/A	N/A	No limitations
4	Securities Lending Transactions	N/A	N/A	N/A	N/A	N/A	Percentage of assets loaned to one borrower: 15% Min collateral: 100% market value of loaned securities
5	US Treasury & Agency Obligations	N/A	N/A	N/A	N/A	N/A	No limitations Issuer must be on list of government agencies maintained by the Director
6	Global Debt Obligations	Baa3	BBB-	BBB-	10%	N/A	Min market cap $100M/1% can be below minimum Percentage of fund assets in any one issuer and affiliated entities: 5% Percentage of fund assets invested in private placements: 7% High Yield Debt: 8%
7	State, Municipal and Public Authority Obligations	A3	A-	A-	10%	10%	Percentage of fund assets in any one issuer: 2%
8	Collateralized Notes and Mortgages	Baa3	BBB-	BBB-	N/A	25% of any one issue and 5% of fund assets invested in any one issue	Percentage of fund assets in any one issuer and affiliated entities: 5% High Yield Debt: 8%
9	International Government and Agency Obligations	Baa3	BBB-	BBB-	25%	25%	Percentage of assets invested in international govt/agency obligations: 5%
10	Global Diversified Credit Investments	N/A	N/A	N/A	10% (direct bank loans)	10% (stock, ETF issues)	Percentage of fund assets in any one issuer and affiliated entities for public securities: 5% Aggregate[1] percentage invested in global diversified credit: 10%
11	Commercial paper	P-1	A-1	F-1	N/A	N/A	Percentage of fund assets in any one issuer and affiliated entities: 5% Split ratings allowed
12	Certificates of deposit	P-1	A-1	F-1	10%	N/A	Percentage of fund assets in any one issuer and affiliated entities: 5% Split ratings allowed
13	Repurchase agreements	P-1	A-1	F-1	N/A	N/A	Rating criteria applies to sellers who are brokers
14	Money market funds	N/A	N/A	N/A	N/A	5% (shares)	Minimum NAV of $1 Billion Percentage of fund assets invested in MMF: 10%

[1]Aggregate refers to the aggregate of direct investments and the fund's proportionate interest invested through a Common Pension Fund.

PFRS Summary of Proposed Credit and Concentration Limitations

Subch.	Category	Minimum rating: Moody's	S&P	Fitch	Limitations: Issuer's outstanding debt or equity	Issue	Other limitations
15	Non-convertible preferred stocks	Baa3	BBB-	BBB-	10%	25%	Min market cap $100M/1% can be below minimum Percentage of fund assets invested in any one issuer and affiliated entities: 5% Percentage of fund assets invested in private placements: 7% High Yield Debt: 8%
16	Reserved						
17	Global equity investments	N/A	N/A	N/A	N/A	10% (stock, ETF issues)	Equity investments limited to 70% of fund assets Percentage of assets in any one issuer and affiliated entities: 5% Percentage of assets for investments issued through private placements: 2%
18	Mortgage-backed senior debt and pass-through securities	N/A A3	N/A A-	N/A A-	N/A N/A	25% N/A	Percentage of fund assets in one issue: 5% Percentage of assets in mortgage-backed sr debt or pass-through securities: 10% High Yield Debt: 8%
19	Real Assets	N/A	N/A	N/A	N/A	10% (stock, ETF issues)	Aggregate[1] in real estate: 9% (5% outside US: 7% in single property type; 5% per US geographic region) Max leverage in real estate: 50% core 75% non-core (of gross MV of investment) Aggregate[1] in real assets other than real estate: 7% Aggregate[1] in any one issuer and affiliated entities for public securities: 5%
20	Foreign Currency Transactions	Baa2	BBB	BBB	N/A	N/A	Ratings apply to counterparties
21	Futures contracts	N/A	N/A	N/A	N/A	N/A	Each transaction subject to applicable regulatory position limits Market value of asset class plus notional value of futures contract must be within asset allocation range for respective asset class Total aggregate notional value limited to 5% of assets; may be increased to 10% after consultation with Investment Committee.
22	Swap transactions	Baa2	BBB	BBB	N/A	N/A	Ratings apply to counterparties Notional value of net counterparty exposure: 1% of assets Total aggregate notional value limited to 5% of assets; may be increased to 10% after consultation with Investment Committee.
23	Covered call options	N/A	N/A	N/A	N/A	N/A	No limitations

[1]Aggregate refers to the aggregate of direct investments and the fund's proportionate interest invested through a Common Pension Fund.

PFRS Summary of Proposed Credit and Concentration Limitations

Subch.	Category	Minimum rating: Moody's	Minimum rating: S&P	Minimum rating: Fitch	Limitations: Issuer's outstanding debt or equity	Limitations: Issue	Other limitations
24	Put options	N/A	N/A	N/A	N/A	N/A	Difference between the aggregate market value of purchased and written put options shall not exceed 2% of fund assets
25	Private Equity	N/A	N/A	N/A	N/A	10% (stock, ETF issues)	Aggregate[1] investments: 12% Aggregate[1] in buyout investments: 12% (7% outside US) Aggregate[1] in venture capital investments: 5% (3% outside US) Aggregate[1] in debt related investments: 12% (7% outside US) Aggregate[1] in any one issuer and affiliated entities for public securities: 5%
26	Opportunistic Investments	N/A	N/A	N/A	N/A	N/A	Aggregate[1] in opportunistic investments: 7% Aggregate[1] in one opportunistic investment: 2%
27	Absolute Return Strategy Investments	N/A	N/A	N/A	N/A	10% (stock, ETF issues)	Aggregate[1] investments: 15% Aggregate[1] in credit oriented funds: 10% (1% in one fund) Aggregate[1] in equity oriented funds: 10% (1% in one fund) Aggregate[1] in opportunistic oriented funds: 12% (2% in one fund) Aggregate[1] in multi-strategy funds: 15% (2.5% in one fund) Aggregate[1] in any one issuer and affiliated entities for public securities: 5%

[1]Aggregate refers to the aggregate of direct investments and the fund's proportionate interest invested through a Common Pension Fund.

C-1
PFRSNJ
6/10/19

SYSTEM : 365-DBS
PROGRAM NO: PN540CP2
FREQUENCY : ON REQUEST

STATE OF NEW JERSEY
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS
DEATH INSURANCE PAYMENTS PROCESSED
FOR 05/28/2019

RUN DATE : 05/28/2019
RUN TIME : 08:21:06
PAGE : 5

MEMBER ID	NAME	DATE OF DEATH	DATE OF CHECK	NON-CONTR INS	CONTR INS	CONTR + NONCONTRIB	ASF	BENE %	2 2 1
[redacted]	STEVEN CAMPBELL	03/31/2019	05/01/2019	400,135.58	.01	400,135.57	193,443.43	99.03	
	STEVEN CAMPBELL	03/31/2019	05/01/2019	3,919.33	.00	3,919.33	.00	0.97	
	JANINE STRACCAMORE	11/25/2018	05/15/2019	486,189.10	.00	486,189.10	.00	100.00	

------------- F U N D T O T A L S -------------

TOTAL NUMBER OF BENEFICIARIES FOR FUND	:	3
TOTAL CONTRIBUTORY AMOUNT	:	-.01
TOTAL NON-CONTRIBUTORY AMOUNT	:	890,244.01
TOTAL ASF AMOUNT	:	193,443.43

S T A T E O F N E W J E R S E Y
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS
DEATH INSURANCE PAYMENTS PROCESSED
FOR 05/28/2019

MEMBER ID	NAME	DATE OF DEATH	DATE OF CHECK	NON-CONTR INS	CONTR INS	CONTR + NONCONTRIB	ASF	BENE %	2 2 1
[redacted]	GEORGE OCONNOR	03/14/2019	05/09/2019	5,400.00	.00	5,400.00	.00	100.00	
	JOSEPH E FUCA	03/06/2019	05/07/2019	6,916.00	.00	6,916.00	.00	100.00	
	LEONARD J MUGGLEWORTH	03/09/2019	05/07/2019	4,852.25	.00	4,852.25	.00	50.00	
	EDWARD BLACKWELL JR	01/29/2019	05/01/2019	10,394.00	.00	10,394.00	.00	100.00	
	FREDERICK R GRIMM SR	03/12/2019	05/01/2019	3,912.83	.00	3,912.83	.00	33.33	
	FREDERICK R GRIMM SR	03/12/2019	05/01/2019	3,912.83	.00	3,912.83	.00	33.33	
	FRANK SULKOWSKI JR	11/07/2018	05/01/2019	9,397.00	.00	9,397.00	.00	100.00	
	THADDEUS ZBIEG	12/15/2018	05/01/2019	13,426.50	.00	13,426.50	.00	100.00	
	FRANKLIN J FINK	01/17/2019	05/01/2019	12,811.50	.00	12,811.50	.00	100.00	
	ELMER C JENNINGS	10/07/2018	05/23/2019	17,386.00	.00	17,386.00	.00	100.00	
	DOMINICK ZIMBARDO	03/01/2019	05/07/2019	15,376.00	.00	15,376.00	.00	100.00	
	PARIS D CAPIZZI	04/01/2019	05/15/2019	15,647.00	.00	15,647.00	.00	100.00	
	PAUL M GRUNDER	04/05/2019	05/23/2019	15,950.00	.00	15,950.00	.00	100.00	
	FRAN VALENTINE	03/21/2019	05/09/2019	18,883.00	.00	18,883.00	.00	100.00	
	CHARLES F MAGNIFICO	03/05/2019	05/01/2019	3,719.16	.00	3,719.16	.00	33.33	
	CHARLES F MAGNIFICO	03/05/2019	05/01/2019	3,719.16	.00	3,719.16	.00	33.33	
	CHARLES F MAGNIFICO	03/05/2019	05/01/2019	3,719.16	.00	3,719.16	.00	33.33	
	ROBERT CARMANY	01/09/2019	05/07/2019	16,968.00	.00	16,968.00	.00	100.00	
	CARMEN A CALABRESE	04/12/2019	05/07/2019	20,669.69	.00	20,669.69	.00	100.00	
	EDWARD SLASKA	02/19/2019	05/07/2019	23,829.00	.00	23,829.00	.00	100.00	
	DANIEL V MAURO	02/28/2019	05/20/2019	1,441.12	.00	1,441.12	.00	7.66	
	NORMAN H REEVES	02/13/2019	05/22/2019	24,805.49	.00	24,805.49	.00	100.00	
	FRANK J SUAREZ SR	02/17/2019	05/15/2019	14,206.98	.00	14,206.98	.00	100.00	
	PATSY J DIESSO	01/15/2019	05/15/2019	10,004.61	.00	10,004.61	.00	33.33	
	JOHN F MURPHY	03/08/2019	05/15/2019	52,911.99	.00	52,911.99	.00	100.00	
	STEVE R DEAK	04/02/2019	05/23/2019	35,821.98	.00	35,821.98	.00	100.00	
	ALEX ZECCA	03/20/2019	05/08/2019	19,183.56	.00	19,183.56	.00	100.00	
	PATRICK E KENNEDY	12/05/2018	05/22/2019	12,321.50	.00	12,321.50	.00	50.00	
	IDA M CLARKE	01/20/2019	05/03/2019	11,842.75	.00	11,842.75	.00	50.00	
	JAMES P CLARKE	03/11/2019	05/23/2019	17,701.19	.00	17,701.19	.00	50.00	
	JOSEPH PELLICCIA	07/18/2018	05/24/2019	29,147.82	.00	29,147.82	.00	100.00	
	ROBERT C GROSS	02/24/2019	05/07/2019	26,958.00	.00	26,958.00	.00	100.00	
	HERBERT R JOBES	03/20/2019	05/02/2019	24,920.02	.00	24,920.02	.00	100.00	
	THOM OREILLY	03/28/2018	05/22/2019	54,126.00	.00	54,126.00	.00	100.00	
	FREDERIC LYONS	03/19/2019	05/02/2019	27,008.00	.00	27,008.00	.00	100.00	
	MARK HIESTAND	04/28/2019	05/14/2019	37,944.50	.00	37,944.50	.00	100.00	
	MARK D MCCUE	03/24/2018	05/09/2019	38,077.98	.00	38,077.98	.00	100.00	
	MICHAE HANCOCK	11/06/2018	05/22/2019	38,760.00	.00	38,760.00	.00	100.00	
	JERRY B HARRIS SR	03/09/2019	05/09/2019	17,986.50	.00	17,986.50	.00	50.00	
	JERRY B HARRIS SR	03/09/2019	05/09/2019	17,986.50	.00	17,986.50	.00	50.00	
	CHESTER LEWKOWITZ	03/25/2019	05/17/2019	46,193.46	.00	46,193.46	.00	100.00	
	FRED C MARGO	03/26/2019	05/08/2019	40,676.46	.00	40,676.46	.00	100.00	
	ONOFRIO ANTHONY VITULLO	07/17/2018	05/09/2019	48,074.01	.00	48,074.01	.00	100.00	

SYSTEM : 365-DBS
PROGRAM NO: PN540CP2
FREQUENCY : ON REQUEST

S T A T E O F N E W J E R S E Y
NEW JERSEY DIVISION OF PENSIONS AND BENEFITS
DEATH INSURANCE PAYMENTS PROCESSED
FOR 05/28/2019

RUN DATE : 05/28/2019
RUN TIME : 08:21:06
PAGE : 30

MEMBER ID	NAME	DATE OF DEATH	DATE OF CHECK	NON-CONTR INS	CONTR INS	CONTR + NONCONTRIB	ASF	BENE %	2 2 1
[redacted]	DENNIS SAMPLE	04/02/2019	05/03/2019	47,013.96	.00	47,013.96	.00	100.00	
	JUANITA NANCE	02/23/2019	05/01/2019	213,434.27	.00	213,434.27	.00	100.00	
	DAVID J MAUL	03/13/2019	05/07/2019	53,439.50	.00	53,439.50	.00	100.00	
	THOMAS J OGRADY	12/19/2018	05/08/2019	30,662.96	.00	30,662.96	.00	89.35	
	THOMAS J OGRADY	12/19/2018	05/08/2019	3,655.00	.00	3,655.00	.00	10.65	
	ADRIENNE K BROWN	10/02/2018	05/15/2019	238,676.90	.00	238,676.90	.00	100.00	
	TALBERT N MCMORRIN	01/17/2019	05/23/2019	22,566.61	.00	22,566.61	.00	48.47	
	TALBERT N MCMORRIN	01/17/2019	05/02/2019	22,566.61	.00	22,566.61	.00	48.47	
	JOSEPH ALAN ACKERMAN JR	12/15/2018	05/13/2019	154,763.45	.00	154,763.45	.00	50.00	
	BRIAN M HOPE	03/12/2019	05/01/2019	40,999.98	.00	40,999.98	.00	100.00	
	JOSEPH W HARRISON	03/26/2019	05/02/2019	38,388.99	.00	38,388.99	.00	100.00	
	JAMES ANTHONY STEED	04/18/2019	05/23/2019	48,099.08	.00	48,099.08	.00	100.00	
	PETER SULLIVAN	02/02/2019	05/08/2019	60,752.81	.00	60,752.81	.00	100.00	
	JOSEPH ROSS TELLE	03/25/2019	05/02/2019	66,699.98	.00	66,699.98	.00	100.00	
	LENORA JEAN SIMON	04/06/2019	05/22/2019	10,378.77	.00	10,378.77	.00	25.00	

------------ F U N D   T O T A L S --------------

TOTAL NUMBER OF BENEFICIARIES FOR FUND	:	58
TOTAL CONTRIBUTORY AMOUNT	:	.00
TOTAL NON-CONTRIBUTORY AMOUNT	:	1,927,088.37
TOTAL ASF AMOUNT	:	.00

C-2
PFRS NJ
6-10-19

MEMORANDUM

TO: Jacquelyn Bussanich
Interim Board Secretary
Police & Firemen's Retirement System

FROM: Cheryl Chianese
Chief
Retirement Bureau

DATE: June 10, 2019

SUBJECT: Board List for PFRS **June 10, 2019** meeting

Attached is the Board List for the June 10, 2019 meeting of the Police & Firemen's Retirement System.

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS

POLICE & FIREMEN'S RETIREMENT SYSTEM

June 10, 2019 Board Meeting

30 DAY WAIVERS

NAME	M/S #	RET DATE
KRAWIEC, ROBERT	[redacted]	11/1/2018

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y

DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS AND BENEFITS

BOARD LIST FOR 06/10/2019

POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SERVICE EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
FORST, LOUIS NEWARK CITY	07-01-2019	MAX	P	20-05	428
KAVANAUGH, SHANNON B MONMOUTH COUNTY/HALL OF RECORDS	08-01-2019	MAX	P	20-00	428
LOMBARDO, RONALD J WATERFORD TOWNSHIP	07-01-2019	MAX	P	20-00	428
MANGIONE, CHARLES WOODBRIDGE TWP FIRE DISTRICT 1	07-01-2019	MAX	F	20-00	428
PASCAL, DANIEL D MOORESTOWN TOWNSHIP	06-01-2019	MAX	P	20-00	428
PRATT, EDWARD J CAMDEN CO BD OF CHOSEN FRHLDRS	09-01-2019	MAX	P	20-01	428
SEASE, GEOFFREY CUMBERLAND COUNTY	08-01-2019	MAX	P	20-02	428
TAYLOR, RAYMOND W, JR CHERRY HILL FIRE DIST 13	08-01-2019	MAX	F	24-00	428
VARGAS, ALFRED SOUTH WOODS PRISON-DEPT. OF COR	04-01-2020	MAX	P	22-11	428
WILSON, CHRISTOPHER ESSEX COUNTY	06-01-2019	MAX	P	21-07	428

TOTAL SERVICE RETIREMENTS 10

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM
DEFERRED

NAME	EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
ANDERSON, MARINA L	04-01-2023	MAX	P	16-00	428
MONMOUTH COUNTY/HALL OF RECORDS					
MILES, LATONYA	07-01-2027	MAX	P	20-01	428
MIDDLESEX COUNTY					

TOTAL DEFERRED RETIREMENTS 2

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
ABOYOUN,GABRIEL A,SR PATERSON CITY	07-01-2019	MAX	F	27-01	
ADAMS,TIMOTHY W HAMILTON TOWNSHIP (MERCER)	08-01-2019	MAX	P	27-00	
ALBRECHT,STEVEN R HILLSIDE TOWNSHIP	06-01-2019	MAX	F	27-06	
ALLARD,GEORGE UNION COUNTY	08-01-2019	MAX	P	27-00	
ARNOT,THOMAS M DEPT OF CORRECTIONS	07-01-2019	MAX	P	27-08	
BAILEY,TROY PATERSON CITY	07-01-2019	MAX	P	26-00	
BETYEMAN,KEVIN MOUNTAINSIDE BOROUGH	08-01-2019	MAX	P	25-00	
BOYLE,CHARLES F,JR HILLSBOROUGH TOWNSHIP	08-01-2019	MAX	P	25-00	
BRUCKER,BERTON G MANTUA TOWNSHIP	07-01-2019	MAX	P	25-00	
BRYANT,DONNA M MIDSTATE CORRECTIONAL FACILITY	09-01-2019	MAX	P	27-06	
CAMMISA,JOSEPH FRANK PASSAIC COUNTY	07-01-2019	MAX	P	26-11	
CANONICA,ANTHONY MONROE TOWNSHIP (GLOUCESTER)	07-01-2019	MAX	P	27-01	
CAPELLI,CHARLES PETER VINELAND CITY	08-01-2019	MAX	P	25-00	
CHARNEY,GLENN E CHERRY HILL TOWNSHIP	09-01-2019	MAX	P	25-00	
CHARON,CARLOS A PATERSON CITY	08-01-2019	MAX	P	25-04	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y

DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS AND BENEFITS

BOARD LIST FOR 06/10/2019

POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
CHERBINI,CHRISTOPHER J MARLBORO TOWNSHIP	08-01-2019	MAX	P	25-00	
CHRISTIE,ROBERT J UNION TOWNSHIP (UNION)	08-01-2019	MAX	P	30-00	
CLARK,HAROLD TEANECK TOWNSHIP	08-01-2019	MAX	P	25-00	
CORT,GREGORY WEST ORANGE TOWNSHIP	06-01-2019	MAX	F	25-05	
COSSARI,MICHAEL PATERSON CITY	08-01-2019	MAX	P	35-05	
COYNE,BRIAN HUDSON COUNTY	07-01-2019	MAX	P	26-02	
CRANMER,BETH ANN SOUTH WOODS PRISON-DEPT. OF COR	10-01-2019	MAX	P	25-00	
DALY,FRANCIS,JR EAST JERSEY STATE PRISON	07-01-2019	MAX	P	25-00	
DAVIS,RAYMOND EGG HARBOR TOWNSHIP	07-01-2019	MAX	P	31-10	
DELIMA,FERNANDO IRVINGTON TOWNSHIP	08-01-2019	MAX	F	25-00	
DELSORDO,JOHN IRVINGTON TOWNSHIP	08-01-2019	MAX	F	25-00	
DEMNITZ,KARL P MORRISTOWN TOWN	06-01-2019	MAX	P	36-04	
DIGAVERO,PHILIP A MORRIS COUNTY	08-01-2019	MAX	P	25-00	
DISIMONE,DOMENICK,JR NUTLEY TOWNSHIP	06-01-2019	MAX	F	28-04	
DISPOTO,MICHAEL BAYONNE CITY	07-01-2019	MAX	F	25-00	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
DIXON, MELVIN EDISON TOWNSHIP	01-01-2020	MAX	P	27-00	
DOHERTY, PATRICK PATERSON CITY	08-01-2019	MAX	P	25-00	
DUNN, BRUCE F MORRIS COUNTY	08-01-2019	MAX	P	25-00	
DZUNA, THOMAS J IRVINGTON TOWNSHIP	08-01-2019	MAX	F	25-00	
ECKBOLD, HAROLD W OCEAN CITY	09-01-2019	MAX	F	25-01	
EDWARDS, CHARLES SALEM COUNTY	08-01-2019	MAX	P	26-06	
FALOTICO, RICHARD JOSEPH RAMSEY BOROUGH	01-01-2020	MAX	P	25-00	
FERRIGNO, FRANK PATERSON CITY	07-01-2019	MAX	P	27-01	
FIORE, FRANK M OAKLAND BOROUGH	06-01-2019	MAX	P	25-00	
FITZPATRICK, MICHAEL P HILLSBOROUGH TOWNSHIP	08-01-2019	MAX	P	25-00	
FREYBERGER, DEREK J MIDSTATE CORRECTIONAL FACILITY	07-01-2019	MAX	P	25-00	
GARVIN, GEORGE M NEW BRUNSWICK CITY	07-01-2019	MAX	F	26-01	
GERDES, DANIEL ALBERT C. WAGNER YOUTH CORR FAC	07-01-2019	MAX	P	25-04	
GILES, DEWAYN PATERSON CITY	08-01-2019	MAX	P	30-10	
GIORGIANNI, JOSEPH C GREENWICH TOWNSHIP (GLOUCESTER)	09-01-2019	MAX	P	25-00	

RUN DATE: 06/06/2019 STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
GLASSEN, EDWARD IRVINGTON TOWNSHIP	08-01-2019	MAX	P	25-00	
GONZALEZ, RALPH PATERSON CITY	08-01-2019	MAX	P	25-00	
GOOLEY, SEAN HADDON TOWNSHIP	08-01-2019	MAX	P	25-01	
GREEN, BRIAN ALBERT C. WAGNER YOUTH CORR FAC	09-01-2019	MAX	P	25-04	
GURDON, LOUIS C, II EDISON TOWNSHIP	07-01-2019	MAX	P	30-08	
GUZMAN, AGAPITO PATERSON CITY	08-01-2019	MAX	P	25-00	
HARRIS, JOHN S KEARNY TOWN	06-01-2019	MAX	F	28-00	
HENSZ, JOHN PATERSON CITY	08-01-2019	MAX	F	25-00	
HICKS, DAVID D, III RED BANK BOROUGH	06-01-2019	MAX	P	26-00	
IZATT, ANDREW SOUTH TOMS RIVER BOROUGH	06-01-2019	MAX	P	31-02	
JACKSON, CLIFTON E, JR CAMDEN CO BD OF CHOSEN FRHLDRS	07-01-2019	MAX	P	25-00	
JOHNSON, JOHN J WEEHAWKEN TOWNSHIP	08-01-2019	MAX	P	25-00	
JOHNSON, TERRY L ESSEX COUNTY	01-01-2020	MAX	P	25-00	
KAINE, DENNIS F CLOSTER BOROUGH	07-01-2019	MAX	P	34-06	
KEALY, DAVID KEARNY TOWN	06-01-2019	MAX	F	28-00	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
KIRKBRIDE, JOHN A BRIDGETON CITY	08-01-2019	MAX	P	25-00	
LAPE, ADAM SALEM COUNTY	08-01-2019	MAX	P	25-01	
LARUE, ANDREW P STATE PAROLE BOARD	08-01-2019	MAX	P	25-00	
LAWHEAD, LAURA B ATLANTIC COUNTY	06-01-2019	MAX	P	26-09	
LIPKE, TODD JOSEPH MILLBURN TOWNSHIP	02-01-2020	MAX	P	27-06	
LISSNER, DAVID S SOMERSET COUNTY_FINANCE OFFICE	08-01-2019	MAX	P	27-00	
LOMONTE, ANGELO HILLSIDE TOWNSHIP	07-01-2019	MAX	P	25-00	
LOMONTE, KEVIN J SOUTH PLAINFIELD BOROUGH	09-01-2019	MAX	P	26-01	
LONGO, ROBERT PASSAIC CITY	08-01-2019	MAX	P	25-06	
LOWE, MARK ATLANTIC CITY	07-01-2019	MAX	F	25-02	
LUZNIAK, RONALD F BERGEN COUNTY	07-01-2019	MAX	P	27-03	
MADALONE, CATHY BERGENFIELD BOROUGH	08-01-2019	MAX	P	25-00	
MAHONEY, MICHAEL J CHATHAM BOROUGH	05-01-2019	MAX	P	25-00	
MAINO, ANGELO, JR JERSEY CITY FIRE DEPT.	07-01-2019	MAX	F	27-02	
MALDONADO, LORENZO, JR NEWARK CITY	06-01-2019	MAX	P	25-01	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
MANDEVILLE,JAMES A,JR PEQUANNOCK TOWNSHIP	07-01-2019	MAX	P	25-00	
MARKOWSKI,EDWARD S HARRISON TOWN (HUDSON)	08-01-2019	MAX	P	25-00	
MCMILLAN,SONYA PATERSON CITY	08-01-2019	MAX	P	25-00	
MEEKINS,JAYSON A LONG HILL TOWNSHIP	07-01-2019	MAX	P	25-00	
MELENDEZ,SWEENEY PATERSON CITY	04-01-2019	MAX	P	28-04	
MONTANEZ,MAYRA PATERSON CITY	08-01-2019	MAX	P	25-00	
MOSNER,RODERICK M ANDOVER TOWNSHIP	06-01-2019	MAX	P	30-00	
NIEVES,PEDRO G NEWARK CITY	06-01-2019	MAX	P	26-00	
OAKLEY,THEODORE M TRENTON CITY	08-01-2019	MAX	P	28-00	
OCONNOR,ADAM BEACHWOOD BOROUGH	07-01-2019	MAX	P	25-00	
OCONNOR,JOSEPH P NEWARK CITY	06-01-2019	MAX	P	30-00	
ONEILL,MARTIN EAST BRUNSWICK TOWNSHIP	08-01-2019	MAX	P	25-00	
ORTIZ,JAVIER BURLINGTON TOWNSHIP	11-01-2019	MAX	P	25-00	
PAOLELLO,MICHAEL EDISON TOWNSHIP	01-01-2020	MAX	P	25-02	
PAYLO,DENNIS JOHN,JR WAYNE TOWNSHIP	02-01-2020	MAX	P	31-00	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM
SPECIAL

NAME	EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
PELLEGRINO, MICHAEL EWING TOWNSHIP	09-01-2019	MAX	P	25-00	
PETRUTZ, MICHAEL A GLOUCESTER COUNTY	09-01-2019	MAX	P	25-00	
PINEIRO, EDWARD CAMDEN COUNTY REGIONAL POLICE	07-01-2019	MAX	P	25-01	
PISANO, JAMES T CAMDEN CO BD OF CHOSEN FRHLDRS	07-01-2019	MAX	P	25-07	
POSKAY, ROBERT A WEST WINDSOR TOWNSHIP	08-01-2019	MAX	P	25-01	
POWDERLEY, JAMES F, III DEMAREST BOROUGH	04-01-2019	MAX	P	33-02	
POWELL, DARREN R HILLSBOROUGH TOWNSHIP	08-01-2019	MAX	P	25-00	
PRATO, JOSEPH L BLOOMFIELD TOWNSHIP	08-01-2019	MAX	F	29-00	
PRICE, ROBERT H CORRECTIONS-ADULT DIAG. & TREAT	07-01-2019	MAX	P	25-06	
RAMOS, ALFREDO PATERSON CITY	08-01-2019	MAX	P	31-08	
RAYNOR, CHRISTOPHER R PISCATAWAY TOWNSHIP	07-01-2019	MAX	P	26-06	
SANCHEZ, ARSENIO PATERSON CITY	08-01-2019	MAX	P	25-00	
SANTORO, CRAIG C FRANKLIN TOWNSHIP (HUNTERDON)	07-01-2019	MAX	P	25-00	
SCHARON, RICARDO PATERSON CITY	08-01-2019	MAX	P	25-05	
SHIELDS, JAMES WEST DEPTFORD TOWNSHIP	08-01-2019	MAX	P	25-00	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y

DEPARTMENT OF THE TREASURY

DIVISION OF PENSIONS AND BENEFITS

BOARD LIST FOR 06/10/2019

POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
SINGERLINE,JOHN J,JR BLOOMFIELD TOWNSHIP	06-01-2019	MAX	P	25-04	
SMITH,VICTOR L JERSEY CITY	06-01-2019	MAX	P	25-05	
STRADELLA,JOHN PATERSON CITY	08-01-2019	MAX	P	25-00	
STRAUB,CHRISTOPHER PATERSON CITY	07-01-2019	MAX	P	26-10	
SYKES,MARVIN PATERSON CITY	08-01-2019	MAX	P	25-00	
TABOR,MICHAEL OCEAN CITY	07-01-2019	MAX	P	26-00	
TANIS,JOSEPH PATERSON CITY	08-01-2019	MAX	P	25-00	
THOMAS,JOSEPH B PATERSON CITY	07-01-2019	MAX	P	33-08	
TIBBETTS,GERALD,JR ATLANTIC CITY	08-01-2019	MAX	P	25-00	
TOWNSEND,WILLIAM,JR CAMDEN CO BD OF CHOSEN FRHLDRS	08-01-2019	MAX	P	25-00	
TRUJILLO,ORLANDO NORTH HUDSON REG FIRE & RESCUE	08-01-2019	MAX	F	28-07	
TURNER,STEVEN D MANALAPAN TOWNSHIP	08-01-2019	MAX	P	25-00	
VAZQUEZ,CARLOS M PATERSON CITY	08-01-2019	MAX	P	25-11	
VERTETIS,SCOTT R NEWTON TOWN	06-01-2019	MAX	P	30-00	
VOORHEES,MICHAEL LEE BERNARDS TOWNSHIP	07-01-2019	MAX	P	26-05	

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

NAME	SPECIAL EFFECTIVE DATE	OPTION/ ERI-CAT		SERVICE YRS-MOS	CHAP
WINNS, WILLIE L NEWARK CITY	06-01-2019	MAX	P	28-08	
ZWIRKO, KENNETH H FANWOOD BOROUGH	06-01-2019	MAX	P	25-00	

TOTAL SPECIAL RETIREMENTS 122

RUN DATE: 06/06/2019 S T A T E O F N E W J E R S E Y
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
CONTROL TOTALS PAGE
BOARD LIST FOR 06/10/2019
POLICE AND FIREMEN'S RETIREMENT SYSTEM

MEMBERS	TYPE	TOTAL MONTHLY ALLOWANCE
10	SERVICE	44,668.90
0	EARLY	0.00
0	VETERAN	0.00
2	DEFERRED	6,734.05
122	SPECIAL	872,709.80
0	OPTION CHANGES SERVICE	0.00
0	OPTION CHANGES EARLY	0.00
0	OPTION CHANGES VETERAN	0.00
0	OPTION CHANGES DEFERRED	0.00
0	OPTION CHANGES CHPTR 109	0.00
134		924,112.75

MEMBERS	EFF DATE	TOTAL MONTHLY ALLOWANCE
36	07/2019	248,476.54
54	08/2019	380,400.96
9	09/2019	53,266.12
1	10/2019	4,504.12
1	11/2019	6,060.19
0	12/2019	0.00
4	01/2020	29,245.45
2	02/2020	17,063.09
0	03/2020	0.00
1	04/2020	3,392.31
0	05/2020	0.00
0	06/2020	0.00
26	ALL OTHERS	181,703.97
134		924,112.75

(A motion to adopt Resolution A was made by Trustee Jacubucci; seconded by Trustee Colacci.)

CLOSED SESSION

ORDINARY DISABILITY

The following cases were provided on the Ordinary Disability grid and supplemental grid:

Tara Hannan	Rahway City	5/19	Approved Ordinary Disability - **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**
Wilfredo Diaz	Middlesex County	6/19	Approved Ordinary Disability - **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**
James Paul Ireland, Jr.	Garden State Recp & YCC	7/19	Approved Ordinary Disability - **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**
George Kalinowski	Mercer County	4/19	Approved Ordinary Disability - **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**

REQUEST TO APPLY FOR ORDINARY DISABILITY RETIREMENT BENEFITS

Kern, Tyler – Gloucester Township – The Board considered a letter dated April 30, 2019 by attorney, Arthur Murray regarding the request on behalf of his client, Tyler Kern, to reconsider the administrative denial and approve his eligibility to apply for Ordinary Disability retirement benefits. Following its review of the record, the PFRSNJ Board denied Mr. Kern's request to apply for Ordinary Disability retirement benefits. The Board's denial was based upon the Preliminary Notice of Disciplinary Action, dated March 5, 2018 indicating that Mr. Kern was suspended without pay indefinitely following an incident of domestic violence on February 18, 2018. The charges related to his suspension were for inability to perform duties as a result of the confiscation of his firearm as a result of this incident. Mr. Kern filed an application for Ordinary Disability retirement benefits with the Division of Pensions and Benefits on September 13 and September 14, 2018 with an effective retirement date of October 1, 2018. On September 24, 2018 Mr. Kern submitted an irrevocable letter of resignation from his position waiving his right to future reinstatement. In an email to the Division of Pensions and Benefits' Disability Review Section, dated January 30, 2019, his employer stated that, "He retired to avoid the filing of disciplinary charges. The Township is not be willing to return him to his position or any other position should his disability diminish to the point that he could perform his duties." As a result, on February 1, 2019 the Disability Review Section notified Mr. Kern that he was ineligible to apply for Ordinary Disability retirement based upon N.J.A.C.17:1-6.4[1] which states:

(a) Each disability retirement applicant must prove that his or her retirement is due to a total and permanent disability that renders the applicant physically or mentally incapacitated from performing normal or assigned job duties at the time the member left employment; the disability must be the reason the member left employment.

(b) Members who have involuntarily or voluntarily terminated service for any of the reasons listed below will not be permitted to apply for a disability retirement;

1. Removal for cause or total forfeiture of public service;

[1] The newly constituted Police and Firemen's System of New Jersey relies upon the existing regulations for the Police and Firemen's Retirement System until such time as it promulgates new regulations pursuant to P.L.2018, Chapter 55.

CLOSED SESSION

REQUEST TO APPLY FOR ORDINARY DISABILITY RETIREMENT BENEFITS (continued)

Kern, Tyler – Gloucester Township (continued)

2. Settlement agreements reached due to pending administrative or criminal charges, unless the underlying charges relate to the disability;
3. Loss of licensure or certification required for the performance of the member's specific job duties;
4. Voluntary separation from service for reasons other than a disability; and
5. Job abolishment or reduction in force.

(c) The Division will review all disability retirement applications submitted after a member has terminated service to determine whether the member's application is eligible for processing, pursuant to (a) above.

Mr. Kern did not leave employment due to a disabling condition, rather he agreed to apply for retirement and agreed to irrevocably sever his employment. Therefore, he cannot comply with N.J.S.A. 43:16A-8(2), in the event that his application for disability retirement was approved and his alleged disability diminished to the point that he could return to employment. Thus, if his application was processed and he was granted an Ordinary Disability retirement benefit and later it was determined that he was no longer disabled, there is no mechanism for the Board to stop paying the pension because he could never be ordered to return to work, as required by N.J.S.A. 43:16A-8(2). Granting a disability retirement under these circumstances would be in contravention of the statutory scheme, and place the Board in the position of potentially paying a disability pension which the Board has no ability or mechanism to terminate if the member is no longer totally and permanently disabled.

(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)

In a separate motion the PFRSNJ Board approved the request for a hearing in the Office of Administrative Law. **(Motion made by Trustee Colacci; seconded by Trustee Donnelly.)**

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause: External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically incapacitated from usual or other duty	** D/M	Decision
E-1 Narvaez, Frank [redacted] Harrison Town	10/2/2017	[redacted]									Approved Effective 4/1/2019 (Motion by Trustee Colacci; seconded by Trustee Donnelly.)
E-2 Torres, Luis [redacted] Paterson City	3/15/2015 5/11/2017	[redacted]									Approved Effective 5/1/2019 (Motion by Trustee Colacci; seconded by Trustee Heck.)

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor..

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically Incapacitated from usual or other duty	** D/M	Decision
E-3 (+) Cavalieri, Salvatore [redacted] Atlantic City	7/8/2017	[redacted]									Approved Effective 2/1/2019 **(Motion by Trustee Colacci; seconded by Trustee Donnelly.)**
E-4 Castelluccio, Anthony [redacted] Newark City	2/3/2018	[redacted]									Approved Effective 6/1/2019 **(Motion by Trustee Colacci; seconded by Trustee Trasente.)**

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.
** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties
#2) The disability is a direct result of a traumatic event that is: a) Identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).
If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person." .
#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.
#4) The disability was not the result of the member's willful negligence; and
#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is:				#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically Incapacitated from usual or other duty	** D/M	Decision
			a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing					
E-5 (+) Watson, Henry [redacted] Newark City	2/3/2008	[redacted]									Tabled, Grant Interim Ordinary Disability Effective 7/1/2018 **(A motion to adopt resolution B was made by Trustee Oatman; seconded by Trustee Heck. A subsequent motion to return to closed session was made by Trustee Heck; seconded by Trustee Oatman.) (Motion to approve accidental disability was made by Trustee Colacci; seconded by Trustee Heck. Motion failed to carry: Vote: 3-7; Trustees Morgan, Heck, Polkowitz, Megariotis, Lubin, Jacobucci, Oatman: Nae.) (A new motion tabled accidental and interim approve ordinary disaility was made by Trustee Collaci; seconded by Trustee Heck.)**

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

- *If the event was non-physical, the member must also establish* d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically incapacitated from usual or other duty	** D/M	Decision
E-6 Recinos, Carmen [redacted] North Bergen Township	8/7/2017	[redacted]									Approved Effective 7/1/2018 (Motion by Trustee Colacci; seconded by Trustee Trasente.)
E-7 (+) Stires, John [redacted] Brooklawn Borough	2/6/2018										Denied Accidental, Granted Ordinary (Motion by Trustee Colacci; seconded by Trustee Polkowitz.)

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically incapacitated from usual or other duty	** D/M	Decision
E-8 (+) Westphal, William [redacted] Gloucester Township	9/6/2014 6/9/2015	[redacted]									Denied Accidental; continue collecting Involuntary Ordinary Disability **(Motion by Trustee Colacci; seconded by Trustee Trasente.)**
E-9 Hippe, Marc [redacted] Clifton City	6/11/2015	[redacted]									Re-exam Tabled for new IME **(Motion by Trustee Colacci; seconded by Trustee Heck.)**

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically Incapacitated from usual or other duty	** D/M	Decision
E-10 Willis, Lashawn [redacted] South Woods Prison - Department of Corrections	8/18/2016	[redacted]									Denied Accidental, Granted Ordinary (Motion by Trustee Colacci; seconded by Trustee Trasente.)
E-11 (+) Green, James [redacted] Essex County	5/5/2014 10/15/2017 11/6/2018	[redacted]									Denied Accidental, Granted Ordinary (Motion by Trustee Colacci; seconded by Trustee Polkowitz)

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

Accidental Disability Motions PFRS Board Meeting Date of 6/10/2019

CLOSED SESSION - CONFIDENTIAL - REDACT BEFORE RELEASING

Item Number, Member's Name & No., Retirement No. & Employer	Accident Date	#1) T/P	#2) Disability D/R of a T/E that is: a) Identifiable Place/Time	b) Undesigned/ Unexpected	c) Direct Cause; External Not Pre-Existing	*d) Reasonable Person Terrifying Horror-Inducing	#3) Result of Duty	#4) Not Negligent	#5) Mentally or Physically Incapacitated from usual or other duty	** D/M	Decision
E-12 Clark, Atronda [redacted] Hudson County	6/14/2016	[redacted]									Denied Accidental, Granted Ordinary (Motion by Trustee Colacci; seconded by Trustee Morgan.)
E-13 Papadopoulous, Kostas [redacted] Weehawken Township	1/29/2015	[redacted]									Approved Effective 6/1/2019 (Motion by Trustee Colacci; seconded by Trustee Heck; Vote: 9-1; Trustee Megariotis: Nae)

* These issues are only applicable to cases reviewed under Patterson standard (mental-mental). The Russo Decision requires reasonable person/terrifying horror-inducing to be analyzed as one factor.

** Only applicable to cases filed beyond 5 years of the date of the incident

#1) T/P = permanently and totally disabled mentally or physically, from performing the regular assigned work duties and any other available job duties

#2) The disability is a direct result of a traumatic event that is: a) identifiable as to time and place, b) undesigned and unexpected, and c) caused by a circumstance external to the member (not the result of pre-existing disease that is aggravated or accelerated by the work).

If the event was non-physical, the member must also establish d) that the event that forms the basis for an accidental disability was objectively capable of causing a reasonable person in similar circumstances to suffer a disabling mental injury, based on a finding that the disability resulted from "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person."

#3) The event occurred during and as a result of the performance of the member's regular or assigned duties.

#4) The disability was not the result of the member's willful negligence; and

#5) The member is mentally or physically incapacitated from performing the usual or any other duty.

D/M = Delayed manifestation (due to the delayed manifestation of the disability or circumstances beyond the control of the member) cases must be considered on those applications filed beyond five years of the accident date, if the application was filed within a "reasonable time" following manifestation of the disability, based on the totality of the facts and circumstances of the case

(A motion to return to Open Session was made by Trustee Colacci; seconded by Trustee Oatman.)

OPEN SESSION

CREDITABLE COMPENSATION

Jannicelli, Anthony – Woodcliff Lake Borough – The Board considered the personal statements of attorney, Patrick O'Dea; the Separation/Retirement Agreement between Anthony Jannicelli and the Borough of Woodcliff Lake; the Certification of Thomas Padilla, Woodcliff Lake Borough Administrator; and Mr. O'Dea's recent letter to the PFRSNJ Board regarding the review of creditable compensation, on behalf of his client, Anthony Jannicelli. Following its review, the PFRSNJ Board approved the salary increase to be included in the calculation of retirement benefits for Anthony Jannicelli. The basis for the Board's decision is that negotiations were in process for many years before an agreement was made. In addition, the Board noted that Mr. Jannicelli was to be mandatorily retired, effective March 1, 2019, therefore, this was not an enticement for retirement. The Board determined that this was sufficient justification to approve the salary as creditable for inclusion in the calculation of retirement benefits and it was not in anticipation of retirement. **(Motion made by Trustee Morgan; seconded by Trustee Colacci. Vote: 9:1; Trustee Megariotis: Nae.)**

REQUEST TO CANCEL LOAN OBLIGATION

Kesner, Richard – Jersey City Fire Dept – The PFRSNJ Board considered letters from Mr. Kesner as well as from his attorney, Alan G. Cosner, regarding Mr. Kesner's request that the Board cancel the outstanding loan obligation and cancel payments taken from his monthly retirement checks to satisfy his pension loan obligation as determined by the Division of Pensions and Benefits (Division). On November 14, 2017, the Division notified Mr. Kesner that a review of his PFRS account revealed that he had an outstanding loan balance of $31,635.02 that was never satisfied prior to his retirement as required by N.J.S.A. 43:16A-16.1. Additionally, all loans are subject to section 72(p) of the Internal Revenue Code (I.R.C.). Therefore, the Division established a repayment schedule with payments being deducted from Mr. Kesner's monthly retirement allowance to satisfy the outstanding obligation with applicable interest. Beginning with his check dated December 1, 2017, a payment of $610.36 was deducted from his retirement allowance and this deduction will continue through approximately September 30, 2026. The obligation includes accrued interest for approximately $32,535.40. An interest rate of 4.00 percent was used to determine the amount of interest and the interest period is from July 1, 2004 through September 30, 2026. The interest rate for loans requested prior to June 8, 2007, is set at 4.00%. Loans requested after June 8, 2007, have an interest rate set annually by the State Treasurer. The interest rate remains constant through the life of the loan. Mr. Kesner asserts that he believed he paid his outstanding loan balance prior to retirement; however, as previously advised, in addition to his loan balance of $31,635.02, there was also an arrears balance due in the amount of $31,338.41 for the purchase of additional service credit. Mr. Kesner was notified in May 2004 in the Quotation of Retirement Benefits of the outstanding loan obligation. Unfortunately, the loan balance was never carried into retirement and remained unpaid. The amount of $610.36 is the same monthly deduction Mr. Kesner would have carried into retirement had it been taken on a timely basis. The payment the Division received prior to Mr. Kesner's retirement date was to satisfy an arrears balance associated with the purchase of service credit. Following its review, the Board denied Mr. Kesner's request to cancel the loan repayment scheduled to satisfy the loan obligation with accrued interest that is owed to his PFRS account. Notwithstanding Mr. Kesner's assertions that he repaid the loan and that no outstanding loan obligation existed prior to his retirement, July 1, 2004, the record before the Board indicates that a pension loan was taken from Mr. Kesner's PFRS membership account and not repaid. The Board relied upon N.J.S.A. 43:16A-16.1, N.J.S.A. 43:16A-16.2 and N.J.S.A. 43:16A-18. N.J.S.A. 43:16A-16.1, governs the taking of a loan and the repayment of a pension loan and states in part that "[t] he rate of interest for a loan requested by a member prior to the effective date of P.L. 2007, c.92 (C.43:15C-1 et al.) shall be 4% per annum on any unpaid balance thereof.

OPEN SESSION

REQUEST TO CANCEL LOAN OBLIGATION (continued)

Kesner, Richard – Jersey City Fire Dept (continued)

Further, a member may borrow...

> an amount equal to not more than 50% of the amount of his aggregate contributions, but not less than $50.00; provided that the amount so borrowed, together with interest thereon, can be repaid by additional deductions from salary, not in excess of 25% of the member's salary, made at the time the salary is paid to the member.
>
> ...
>
> Loans shall be made to a member from his aggregate contributions.... [N.J.S.A. 43:16A-16.1.]

Additionally, N.J.S.A. 43:16A-16.2 states:

> In the case of any member who retires without repaying the full amount so borrowed, the Division of Pensions and Benefits shall deduct from the retirement benefit payments the same monthly amount which was deducted from the compensation of the member immediately preceding retirement until the balance of the amount borrowed together with the interest is repaid. In the case of a pensioner who dies before the outstanding balance of the loan and interest thereon has been recovered, the remaining balance shall be repaid from the proceeds of any other benefits payable on the account of the pensioner either in the form of monthly payments due to his beneficiaries or in the form of lump sum payments payable for pension or group life insurance.

While the Board notes that Mr. Kesner's loan was not carried into retirement and deducted from his monthly retirement amount, N.J.S.A. 43:16A-18 provides for the corrections of errors, stating, in pertinent part:

> ...Should any change or error in the records result in any member or person receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, the retirement system shall correct such error, and as far as practicable, shall adjust the payments in such manner that the actuarial equivalent of the benefit to which such member or beneficiary was correctly entitled shall be paid. The actuarial equivalent of any shortage in required contributions at the time of retirement on account of misstatement of age, leave of absence, or clerical error, shall be deducted from the retirement allowance otherwise payable.

Further, the PFRSNJ Board relies on the fact that the PFRS is a tax-qualified plan in accordance with the Internal Revenue Code, which requires that pension loans comply with I.R.C. section 72(p). Failure of the PFRS to comply with I.R.C. section 72(p) could result in plan disqualification, meaning the PFRS could lose its tax-qualified status. The Board is also aware that the State entered into an Agreement with the Internal Revenue Service to correct errors in the loan program that could have disqualified the PFRS, and as part of that Agreement, the PFRS Board must enforce I.R.C. section 72(p). **(Motion made by Trustee Morgan; seconded by Trustee Colacci.)**

OPEN SESSION

APPELLATE DIVISION DECISIONS

The Board noted the following decisions of the Appellate Court.

Crowder, Terrence – Camden City – The Appellate Court upheld the ALJ and the Board's decision denying Accidental Disability retirement benefits. The Appellate Court also upheld the Board's decision reversing the ALJ's decision to grant Mr. Crowder's motion to bar the State's expert **(Motion made by Trustee Lubin; seconded by Trustee Colacci.)**

Hogan, Terry Lynn – Pine Hill Borough – The Appellate Court upheld the ALJ and the Board's decision denying accidental disability retirement benefits. **(Motion made by Trustee Lubin; seconded by Trustee Morgan.)**

DeSimone, Jeffrey – Brick Twp – The Appellate Court upheld the Board's decision denying Deferred Retirement benefits because he was terminated from his employment as a police officer for conduct unbecoming a public employee. **(Motion made by Trustee Lubin; seconded by Trustee Trasente.)**

INITIAL DECISIONS

Semmel, Frank – Paterson City - The Board postponed action on this matter in order to allow the attorney, Jeffrey Ziegelheim, an extension of time to file reply to exceptions. An extension of time for the Board to make a final determination has been approved. **(Motion made by Trustee Lubin; seconded by Trustee Oatman.)**

Reed, Carrie – Newark City – The PFRSNJ Board considered the following documents regarding the appeal of Carrie Reed: all exhibits; the Initial Decision of Administrative Law Judge (ALJ) Evelyn J. Marose, dated May 3, 2019; exceptions filed by Amie DiCola, Esquire, dated May 16, 2019; and reply to exceptions filed by Deputy Attorney General (DAG) Juliana DeAngelis, dated May 23, 2019. Thereafter, the Board noted the exceptions filed by Ms. DiCola and the reply to exceptions filed by DAG DeAngelis. The Board voted to adopt ALJ Marose's decision which determined that the Board's Motion for Summary Decision is granted. Because Ms. Reed was afforded several opportunities to provide expert testimony, but failed to do so, she could not carry forth her burden to prove her entitlement to Ordinary Disability retirement benefits. The Board adopted the ALJ's decision that the Board's Motion for Summary Decision is granted; thereby Ms. Reed's appeal is dismissed. **(Motion made by Trustee Lubin; seconded by Trustee Jacubucci.)**

Otlowski, Christopher – Freehold Borough – The Board considered the following documents regarding the appeal of Christopher Otlowski's denial of his request to file for Accidental Disability retirement benefits: all exhibits; the Initial Decision of the Administrative Law Judge (ALJ) Catherine A. Tuohy, dated May 2, 2019; and exceptions filed by attorney, Paul Kleinbaum, dated May 23, 2019. The PFRSNJ Board noted the exceptions filed by Mr. Kleinbaum. Thereafter, the Board voted to adopt the Initial Decision of ALJ Tuohy affirming the Board's decision to deny Mr. Otlowski's request to apply for Accidental Disability retirement benefits pursuant to N.J.A.C. 17:1-6.4(b)2. **(Motion made by Trustee Lubin; seconded by Trustee Heck.)**

OPEN SESSION

INITIAL DECISIONS (continued)

Alvarez, Scott – Irvington Township – The Board considered the following documents regarding the appeal of Scott Alvarez: all exhibits; the Initial Decision[2] of the Administrative Law Judge (ALJ) Leslie Z. Celentano, dated April 22, 2019; exceptions[3] filed by Deputy Attorney General Porter Strickler, dated May 17, 2019; and reply to exceptions[4] filed by attorney William P. Hannan, dated May 29, 2019. The Board noted the exceptions filed by DAG Strickler and the reply to exceptions filed by Mr. Hannan. Thereafter, the Board voted to adopt the Initial Decision of ALJ Celentano, thereby reversing its original determination and approving Accidental Disability retirement benefits. Mr. Alvarez is totally and permanently disabled as a direct result of the traumatic event which occurred on August 11, 2006. This event was identifiable as to time and place, it was undesigned and unexpected, and occurred during and as a result of the performance of his regular assigned duties. The incident was not the result of his willful negligence; and his disability was the result of a delayed manifestation of the August 11, 2006 incident. Therefore, Mr. Alvarez is approved for Accidental Disability retirement benefits retroactive to his effective date, July 1, 2013. **(Motion made by Trustee Lubin; seconded by Trustee Morgan. DAG Garrison recused and DAG Meyer advised Board.)**

Urban, Jessica – Dept of Corrections – The PFRSNJ Board considered the following documents regarding the appeal of Jessica Urban[5]: all exhibits and the Initial Decision of the Administrative Law Judge (ALJ) Susan M. Scarola, dated May 14, 2019. Thereafter, the Board voted to adopt the Initial Decision of ALJ Scarola, thereby reversing its original determination and approving Ordinary[6] Disability retirement benefits. Ms. Urban was considered totally and permanently disabled from the performance of her regular assigned duties of Senior Corrections Officer. The Division of Pensions and Benefits' Retirement Bureau will process Ordinary Disability retirement benefits, retroactive to April 1, 2014. In addition, the Beneficiary Services Section will determine any benefits that may be payable as a result of Ms. Urban's passing on April 2, 2018. **(Motion made by Trustee Lubin; seconded by Trustee Morgan. DAG Garrison recused and DAG Meyer advised Board.)**

Whitley, Alterique – Newark City – The PFRSNJ Board considered the following documents regarding Alterique Whitley's application for Accidental Disability retirement benefits: all exhibits; the Initial Decision of the Administrative Law Judge (ALJ) Margaret M. Monaco, dated May 15, 2019; and exceptions filed by Deputy Attorney General (DAG) Christopher Meyer, dated May 28, 2019. The PFRSNJ Board modified the ALJ's findings of fact, rejected the ALJ's legal conclusion as to the test for mental-mental claims under Patterson v. Board of Trustees, State Police Retirement System, 194 N.J. 29 (2008), and adopted the ALJ's recommendation to deny Mr. Whitley Accidental Disability retirement benefits. The PFRSNJ Board adopted the ALJ Monaco's findings of fact. However, in addition to the other testimony recounted in the ALJ's findings of fact, Officer Whitley also testified that his partner Officer Hal Simpkins was not in the line of fire when he discharged his weapon during the November 23, 2014 incident. 1T16:18-24. The Board modified the ALJ's findings of fact to include this undisputed testimony. The Board has determined that the ALJ's legal conclusion that the 2014 incident was not an undesigned and unexpected event is well-reasoned, supported by case law arising from the same incident, see Simpkins v. Bd. of Trs., Police & Firemen's Ret. Sys., 2018 N.J. Super. Unpub. LEXIS 2418 (App. Div. Oct. 31, 2018), and was adopted. However, the PFRSNJ Board rejected the ALJ's legal conclusion that the 2014 incident satisfies Patterson.

---

2 The Board requested and was granted an extension of time until July 22, 2019 to issue its final decision.
3 DAG Reiter requested and was granted an extension of time to file exceptions.
4 William Hanan requested and was granted an extension of time to file reply to exceptions.
5 A notice was received by the Division of Pensions and Benefits that Jessica Urban passed away on April 2, 2018.
6 Jessica Urban originally appealed the denial of Accidental Disability retirement benefits; however, her appeal was amended to the denial of Ordinary Disability retirement benefits.

OPEN SESSION

INITIAL DECISIONS (continued)

Whitley, Alterique – Newark City (continued)
A PFRS member seeking Accidental Disability based on a mental disability with no physical injury must prove that the disability resulted from a "direct personal experience of a terrifying or horror-inducing event that involves actual or threatened death or serious injury, or a similarly serious threat to the physical integrity of the member or another person." Id. at 34. That event must be "of consequence and objectively capable of causing a reasonable person to suffer a disabling mental injury." Russo v. Bd. of Trs., Police & Firemen's Ret. Sys., 206 N.J. 14, 31 (2011). For example, the standard may be met when a police officer sees his partner shot or serious bodily injury or death of another law enforcement officer employed in the same agency. Patterson, 194 N.J. at 50. The PFRSNJ Board the ALJ's legal analysis incorrect because it omits the fact that Officer Simpkins was not in the line of fire when Officer Whitley fired his weapon. Because Officer Simpkins was not in danger of being shot, the event does not involve actual or threatened death or serious injury. For instance, the suspect's use of the vehicle to flee did not pose a threat to Officer Whitley, as he was positioned behind it and the suspect did not drive towards him. Officer Whitley's subjective concern that the vehicle might hit him is not sufficient to be objectively terrifying or horror-inducing. Also, Officer Simpkins was positioned to avoid the vehicle. Although the suspect drove the vehicle towards him, Officer Simpkins was several steps away and the revving of the vehicle gave him sufficient warning to get out of the way. There is no evidence the suspect intended to hit either police officer and it is likely the suspect only wanted to flee in the stolen vehicle. Further, Officer Whitley's testimony that "he was terrified because he did not know whether he or the suspect had killed Officer Simpkins," ID at 9, is based on his subjective view of the event and does not satisfy the requirement that the event be objectively capable of causing a reasonable person to suffer a disabling mental injury. Officer Whitley's concern was short-lived, as he only briefly lost sight of Officer Simpkins when the vehicle sped away as Officer Simpkins fell to the ground. Officer Whitley did not continue pursuit and immediately went to Officer Simpkins's assistance and found him with minor injuries. The 2014 incident does not reach the level of the terrifying or horror-inducing examples cited in Patterson, such as the police officer who sees his partner shot. While firing at a fleeing vehicle and momentarily believing one's partner might be killed may be stressful, it does not meet the high threshold for a Patterson event. The Board rejected the ALJ's analysis and concluded that this event does not satisfy Patterson. As such, the PFRSNJ Board modified the findings of fact, rejected the legal conclusions regarding Patterson, and voted to adopt the Initial Decision of ALJ Monaco affirming its original denial of Mr. Whitley's application for Accidental Disability retirement benefits. **(Motion made by Trustee Lubin; seconded by Trustee Polkowitz.)**

Knox, Roderick – Atlantic City – The Board considered the following documents regarding the appeal of Roderick Knox: all exhibits; the Initial Decision of the Administrative Law Judge (ALJ) John S. Kennedy, dated April 25, 2019; exceptions filed by Deputy Attorney General (DAG) Stephanie Kozic, dated May 1, 2019; and reply to exceptions filed by attorney Sebastian B. Ionno, dated May 6, 2019. The Board voted noted the exceptions filed by DAG Kozic and the reply to exceptions filed by Mr. Ionno. Thereafter, the PFRSNJ Board voted to adopt the Initial Decision of ALJ Kennedy affirming its original denial of Mr. Knox's application for Accidental Disability retirement benefits. **(Motion made by Trustee Lubin; seconded by Trustee Trasente.)**

OPEN SESSION

INITIAL DECISIONS (continued)

Bunalski, John – Irvington Twp – The PFRSNJ Board considered the following documents regarding John Bunalski's appeal of the denial Ordinary Disability retirement benefits: all exhibits; the Initial Decision of the Administrative Law Judge (ALJ) Leland S. McGee, dated April 25, 2019; the exceptions filed by Steven J. Kossup, Esquire, dated May 8, 2019; and reply to exceptions[7] filed by Deputy Attorney General (DAG) Robert Garrison, dated May 31, 2019. The Board noted the exceptions filed by Mr. Kossup and the reply to exceptions filed by DAG Garrison. Thereafter, the PFRSNJ Board voted to adopt the Initial Decision of ALJ McGee affirming the Board's denial of Mr. Bunalski's Ordinary Disability retirement application based on his alleged neurological conditions. The Board also affirmed ALJ McGee's decision barring Mr. Bunalski from amending his application to include new, orthopedic complaints that were not included in his original application for disability retirement benefits. **(Motion made by Trustee Lubin; seconded by Trustee Morgan. DAG Garrison recused and DAG Meyer advised Board.)**

Avila, Manuel – Paterson City – The PFRSNJ Board considered Mr. Ziegelheim's request to postpone this matter as he was unable to attend the meeting. The Board denied the request as it indicated its decision would be made based on the record before it, including: all exhibits; the Initial Decision[8] of the Administrative Law Judge (ALJ) Thomas R. Betancourt, dated April 15, 2019; exceptions filed by Deputy Attorney General (DAG) Robert Garrison, dated April 29, 2019; and reply to exceptions[9] filed by Jeffrey Ziegelheim, dated May 21, 2019. The PFRSNJ Board noted the exceptions filed by DAG Garrison and the reply to exceptions filed by Mr. Ziegelheim. Thereafter, the PFRSNJ Board voted[10] to reject the ALJ's conclusions of law and reaffirmed its original determination that the period of time from July 1 2010 through June 30, 2016, when Mr. Avila did not serve as a police officer, is non-creditable service. The Board directed the Secretary to prepare the findings of fact and conclusions of law that will be presented to the Board at its next meeting for discussion and review. The next meeting of the Board is scheduled for July 8, 2019. **(Motion made by Trustee Lubin; seconded by Trustee Morgan. DAG Garrison recused and DAG Meyer advised Board.)**

HEARING WITHDRAWALS

Trustee Lubin noted the following case as withdrawn for a hearing from the Office of Administrative Law.

Dias, Walter – Mountain View Youth Correctional Facility
Maksymowicz, Scott – Gloucester City

---

[7] DAG Garrison timely requested and was granted an extension of time to file reply to exceptions.
[8] An Order of Extension for addition time for the Board to render a decision was granted until July 15, 2019.
[9] Jeffrey Ziegelheim, attorney, timely filed and was granted a request for an extension of time to file reply to exceptions.
[10] DAG Robert Garrison properly recused from counselling the Board on this matter.

OPEN SESSION

FINDINGS OF FACT AND CONLCUSIONS OF LAW

Herran, Alonzo – Newark City – The PFRSNJ Board denying the request for Alonzo Herran to change from ordinary disability, which was approved by the PFRS Board on May 15, 2018, to accidental disability retirement. The PFRSNJ Board reviewed and denied Mr. Herran's request to reopen and change the retirement type from ordinary to accidental disability at its March 11, 2019 meeting. By letter dated April 23, 2019, Arthur Murray, attorney for Mr. Herran, appealed the Board's decision, requesting a hearing in the Office of Administrative Law, which was denied at the PFRSNJ Board's May 13, 2019 meeting. Findings of Fact and Conclusions of Law were presented and approved by the PFRSNJ Board at its June 10, 2019 meeting. The PFRSNJ Board has reviewed the written submissions and the documentation accompanying the appeal and finds that the statutes and regulations governing the PFRS do not permit the PFRSNJ Board to grant a change in Mr. Herran's retirement type, which was requested more than seven months after the date he was Board approved for ordinary disability.

FINDINGS OF FACT

A review of the relevant facts in this case reveals that Mr. Herran was originally enrolled in the Public Employees' Retirement System (PERS) effective August 1, 1999.as a result of his employment with the City of Newark as a code enforcement officer. Thereafter, he interfund transferred from the PERS into the PFRS when he became employed with the City of Newark on February 14, 2002, as a police officer. As a result of this employment he continued to be enrolled in the PFRS. On June 2, 2017, Mr. Herran filed an application for ordinary disability retirement benefits with the Division of Pensions and Benefits (the Division). He listed a retirement date of February 1, 2018. On June 8, 2017, Mr. Herran was provided with an Estimate of Retirement Benefits for ordinary disability retirement benefits. At its meeting of May 15, 2018, the PFRS Board approved Mr. Herran's application for ordinary disability effective February 1, 2018. In accordance with N.J.A.C. 17:4-6.3, which states in pertinent part:

> (a) Except as provided by N.J.A.C. 17:4-6.7, a member shall have the right to withdraw, cancel or change an application for retirement at any time before the member's retirement allowance becomes due and payable by sending a written request signed by the member. Thereafter, the retirement shall stand as approved by the Board.

In addition, N.J.A.C. 17:4-6.7 (b) states:

> Once the Board approves a member for a disability retirement allowance, the member's retirement application shall not be withdrawn, canceled or amended.

Therefore, Mr. Herran was not permitted to make any changes once the Board approved his application for ordinary disability retirement benefits, which occurred on May 15, 2018. By letter dated January 11, 2019, attorney Samuel Halpern[11] requested that Mr. Herran be permitted to reopen his ordinary disability retirement application in order to obtain an accidental disability retirement benefit. Attached to Mr. Halpern's letter was an AFFIDAVIT OF ALONZO HERRAN, dated December 26, 2018. Mr. Herran attests to the fact that he was terminated from employment effective September 27, 2016. Ultimately, the City of Newark agreed to reduce the penalty to a suspension and on August 16, 2017, he was placed back to work on light duty. On August 25, 2017 Newark City submitted the Employer Certification for Disability Retirement indicating Mr. Herran would be resigning on January 29, 2018. Mr. Herran also attests to the fact that although he claims there was a work incident which caused his disability, he did not report the incident, because he was already facing disciplinary action and "did not want to make things worse for myself" by filing for an accidental disability retirement benefit.

[11] In a letter dated March 12, 2019, Arthur J. Murray, Esquire, for Alterman & Associates is now representing Mr. Herran.

OPEN SESSION

FINDINGS OF FACT AND CONLCUSIONS OF LAW (continued)

Herran, Alonzo – Newark City (continued)
In addition, the letter from Mr. Halpern was received seven months beyond the date that the Board approved Mr. Herran's application for ordinary disability retirement benefits. Therefore, the request to change his approved retirement type was not made timely and his ordinary disability has become final and no changes can be made. On January 17, 2019 Mr. Halpern's request, on behalf of Mr. Herran, was administratively denied by Valerie McManus, Supervisor, of the Disability Retirement. Then, on February 8, 2019 Mr. Halpern appealed Ms. McManus' administrative denial to the PFRSNJ Board. On March 12, 2019 the Board denied Mr. Halpern's request, on behalf of Alonzo Herran, to reopen and amend his application from Ordinary disability to Accidental disability. On April 23, 2019, attorney Arthur Murray provided a letter indicating that Alterman & Associates was now counsel to Mr. Herran and requested that the Board reconsider its determination of March 12, 2019 and Mr. Herran be permitted to reopen his application and apply for accidental disability retirement benefits. Alternatively, Mr. Murray requested that the matter be transmitted for a hearing in the Office of Administrative Law. By letter dated May 15, 2019, Mr. Alterman was advised that the PFRSNJ Board denied the request for reconsideration and denied the request for an administrative hearing and directed the Board Secretary to prepare a Final Administrative Determination to be presented at the Board's June 10, 2019 meeting.
CONCLUSIONS OF LAW
The Board denied the request to change Mr. Herran's retirement type from ordinary disability to accidental disability retirement because Mr. Herran did not submit an application for accidental disability prior to the Board's approval of ordinary disability retirement benefits. The Board relied upon N.J.A.C. 17:4-6.3, which states in pertinent part:

> (a) Except as provided by N.J.A.C. 17:4-6.7, a member shall have the right to withdraw, cancel or change an application for retirement at any time before the member's retirement allowance becomes due and payable by sending a written request signed by the member. Thereafter, the retirement shall stand as approved by the Board.

In addition, N.J.A.C. 17:4-6.7 (b) states:

> Once the Board approves a member for a disability retirement allowance, the member's retirement application shall not be withdrawn, canceled or amended.

The Board approved Mr. Herran's ordinary disability retirement benefits effective February 1, 2018 at its meeting of May 15, 2018. Mr. Herran was informed by the Board approval letter that no changes could be made to his application once it was Board approved. In the appeal, Mr. Murray raised the issue of reopening Mr. Herran's application due to "good cause" which he relied on the Affidavit of Mr. Herran. Specifically, Mr. Herran attests to the fact that although he claims there was a work incident which caused his disability, he did not report the incident because he was already facing disciplinary action and "did not want to make thing worse for myself" by filing for an accidental disability retirement benefit. The Board determined that "good cause" does not exist to reopen Mr. Herran's application. Because the request to make a change was received well beyond the regulatory timeframe permitted to make a change as set forth above in N.J.A.C. 17:4-6.3(a) and N.J.A.C. 17:4-6.7(b), the Board denied the request and Mr. Herran's ordinary disability retirement "shall stand as approved by the Board" on May 15, 2018. As noted above, the PFRSNJ Board has reviewed the written submissions. However, the Board cannot grant relief. Because this matter does not entail any disputed questions of fact, the PFRSNJ Board was able to reach its findings of fact and conclusions of law in this matter on the basis of the retirement system's enabling statutes and without the need for an administrative hearing. The request for a hearing in the Office of Administrative Law therefore is denied. Accordingly, shall constitute the Final Administrative Determination of the Board of Trustees of the Police and Firemen's Retirement System of New Jersey. **(Motion made by Trustee Lubin; seconded by Trustee Oatman.)**

OPEN SESSION

HEARING REQUEST/DENIED

The Board reviewed the following request for an administrative hearing and it was denied essentially for the reasons set forth previously by the Board. Therefore, the Board has directed the Secretary, in conjunction with the Attorney General's Office, to draft a detailed Finding of Fact and Conclusions of Law that will formally outline the Board's decision and become the Board's final administrative determination. Upon receipt of the final administrative determination, there will be a right to appeal the Board's decision; hence, the 45 days to appeal this decision will not begin until the Board adopts the final administrative determination.

Delores Ortega i/m/o Koncsol, Gordon – Perth Amboy City - Appeals the denial of survivor benefits **(Motion made by Trustee Jacubucci; seconded by Trustee Lubin.)**

HEARING REQUESTS

The Board approved the following members' requests for a hearing in the Office of Administrative Law:

Bent, Michael – Holland Twp – Appeals the denial of Accidental Disability retirement benefits **(Motion made by Trustee Jacubucci; seconded by Trustee Morgan.)**

Simm, Christopher – Winslow Twp Garfield City - Appeals the denial to apply for Accidental Disability retirement benefits **(Motion made by Trustee Jacubucci; seconded by Trustee Heck.)**

REQUESTS REVERSAL OF DEEMED DISTRIBUTION

(A motion to adopt Resolution B was made by Trustee Jacubucci; seconded by Trustee Lubin. A subsequent motion to return to Open Session was made by Trustee Heck; seconded by Trustee Jacubucci.)

Blake, Clay – Union County – The PFRSNJ Board considered Mr. Blake's personal statements and reviewed his correspondence and all documentation relevant to his request to reverse the 2017 deemed distribution of his loan and the repayment of the pension loan from his PFRS membership account. The Board noted that Mr. Blake was issued a loan check on June 28, 2016 for $35,032. His scheduled repayment in the amount of $744.83 was to begin July 1, 2016; however Mr. Blake was not on payroll at that time, so the deductions did not begin as scheduled. The Division of Pensions and Benefits received his check in the amount of $744.83; however, it was returned to him because the Division could not accept a payment outside of the regularly scheduled loans billing process. On December 1, 2016 the Division of Pensions and Benefits sent Mr. Blake a notice regarding his pension loan options and requested that Mr. Blake respond within 30 days. The Division has no record of receiving a response. On January 27, 2017 Mr. Blake was notified that his loan balance was reported to the IRS as a taxable distribution for the 2017 tax year in accordance with Internal Revenue Code 72(p). However, it is noted that Mr. Blake attempted to make a payment and to contact someone in the Division to discuss this matter. Because the Division now has a mechanism in place to accept loan payments outside of the loans billing process, the Board approved Mr. Blake's request to reverse the distribution and issue amended corrected Form 1099 for tax year 2017. However, the Board indicated that because Mr. Blake took the loan in June 2016, in accordance with the IRS Code, he would be required to repay the loan within five years, or June 2021. If the loan is not paid within the required timeframe, the Division would be required to report the loan as a deemed distribution. In order to arrive at the correct payment amounts, the Division of Pensions and Benefits' Loan Section had to issue a loans billing letter that will start effective July 1, 2019.

OPEN SESSION

REQUESTS REVERSAL OF DEEMED DISTRIBUTION (continued)

Blake, Clay – Union County (continued)
The letter will be issued June 17, 2019. The payments will be 23 monthly payments of $1,941.47. The Board determined that once Mr. Blake has an opportunity to review the figures, he will decide whether to repay the loan according the new schedule, or continue to pay the current amount and the deemed distribution would remain in effect. Mr. Blake must notify the Board Secretary either way of his decision within the next two weeks. Once he agrees to the new schedule, if he misses two consecutive payments or passes the five year end date, the loan will automatically be deemed a distribution. The Board also noted that if the Division of Pensions and Benefits reverses the deemed distribution and issues a corrected Form 1099, Mr. Blake would be required to amend his 2017 tax return. **(Motion made by Trustee Morgan; seconded by Trustee Colacci.)**

ELIGIBILITY FOR PFRS ENROLLMENT

Flynn, Patrick – South Jersey Transportation Auth – The PFRSNJ Board considered Mr. Flynn's request to enroll in the Police and Firemen's Retirement System (PFRS) even though he is over the maximum hiring age of 35 based on his employment as a fire fighter with South Jersey Transportation Authority. As a result, Mr. Flynn was enrolled in the Public Employees' Retirement System (PERS). Following it review and careful consideration, the PFRSNJ Board voted to deny Mr. Flynn's request for enrollment into the PFRS. The Board noted that Mr. Flynn was born on April 12, 1982. At the time he was hired by South Jersey Transportation Authority as a fire fighter, April 23, 2018, he was 36 years, 0 months and 11 days old. The South Jersey Transportation Authority is a non-Civil Service location. Employees at non-Civil Service locations must be appointed on or before their 35th birthday to qualify for enrollment in the PFRS. N.J.S.A. 43:16A-3 (1), states:

> (1) After the date of the establishment of this retirement system, any person becoming a full-time policeman or fireman in a county or municipality or fire district located in a township where, prior to the date this act takes effect, a pension under chapter 16 of Title 43 or article 4 of chapter 10 of Title 43 of the Revised Statutes for policemen or firemen has been established, shall become a member of this retirement system as a condition of his employment; he will be enrolled provided, that his age at becoming such full-time policeman or fireman is not over 35 years or if such person shall have met the requirements at the announced closing date of a civil service examination for such position and was appointed during the existence of the civil service list promulgated as a result of such examination; and further provided, that he shall furnish such evidence of good health at the time of becoming a member as the retirement system shall require.

Since Mr. Flynn was 1 year and 11 days over the age of 35, his application for enrollment in the PFRS was denied.
(Motion made by Trustee Morgan; seconded by Trustee Jacobucci. Vote: 8:2; Nae: Trustees Colacci and Donnelly.)

OPEN SESSION

INFORMATIONAL ISSUES

All informational items have been noted unless otherwise indicated.
(A motion was made to note the following items by Trustees Colacci; seconded by Trustee Jacobucci.)

Appellate Division Decision – Taras Shafron vs PERS

Appellate Division Decision – Kathleen Starling vs TPAF

Appellate Division Decision – Joseph Conti vs. PERS

Appellate Division Decision – George Horta vs. PERS

Appellate Division Decision – Bonnie Murphy vs. PERS

Appellate Division Decision – Virginia Goerg vs. PERS

Trial Balance for April 30, 2019

Common Pension Fund D as of April 30, 2019

Common Pension Fund E as of April 30, 2019

There being no further business the Board adjourned the meeting at 1:14 p.m.
(Motion made by Trustee Colacci; seconded by Trustee Heck.)

Respectfully submitted,

Jacquelyn Bussanich

Jacquelyn Bussanich
PFRSNJ Interim Board Secretary

jb