

provided[, and returned to the Commission]. **Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-50(d).**

(c) The application by a rural route letter carrier who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1(a)4, after completion, is to be signed by the postmaster of the post office that employs him or her, and returned to the Commission.

(d) The application for vehicles owned or leased by an employee of the New Jersey Department of Transportation who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1(a)5, after completion by the employee, is to be signed by the Deputy Commissioner of the New Jersey Department of Transportation or by his or her designee, and returned to the Commission.]

(c) The application by an authorized employee of a public utility company who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1(a)4, after completion, is to be signed by an authorized representative of the public utility company that employs the applicant. Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-54.24.

(e) (d) The application for vehicles owned or leased by an employee of a contractor or subcontractor of the New Jersey Department of Transportation who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1[(a)6](a)5, after completion by the employee, is to be signed by an authorized representative of the contractor or subcontractor [and thereafter forwarded to the Deputy Commissioner of the New Jersey Department of Transportation or to his or her designee. The application is to be signed by the Deputy Commissioner or by his or her designee, and returned to the Commission]. **Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-50(d).**

(f) The application for vehicles owned or leased by an employee of the New Jersey Highway Authority or the South Jersey Transportation Authority who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1(a)7, after completion by the employee, is to be signed by the Executive Director of the applicable Authority or by his or her designee, and returned to the Commission.]

(g) (e) The application for vehicles owned or leased by an employee of a contractor or subcontractor of the New Jersey [Highway] **Turnpike** Authority or the South Jersey Transportation Authority who is eligible for a permit pursuant to N.J.A.C. 13:24-4.1[(a)8](a)6, after completion by the employee, is to be signed by an authorized representative of the contractor or subcontractor and thereafter forwarded to the Executive Director of the applicable Authority or to his or her designee **for signature**. [The application is to be signed by the Executive Director of the applicable Authority or by his or her designee and returned to the Commission.] **Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-50(d).**

(h) (f) (No change in text.)

13:24-4.4 Mounting; specifications

(a) (No change.)

(b) The amber warning light used on a vehicle by a United States Postal Service employee in the performance of his or her duties as a rural letter carrier in accordance with N.J.A.C. 13:24-4.1(a)4 shall be a temporarily attached removable light not to exceed seven and one-half inches in diameter, shall not exceed 51 candlepower, shall be controlled by a switch installed inside of the vehicle, and shall be mounted on the roof of the vehicle.]

(b) The amber warning light used on a vehicle by an authorized employee of a public utility company in the performance of his or her official duties as an employee in accordance with N.J.A.C. 13:24-4.1(a)4 shall be a temporarily attached removable light of the flashing or revolving type, not more than 7½ inches in diameter, shall be controlled by a switch installed inside the vehicle, and shall be mounted on the roof of the vehicle.

(c) (No change.)

TREASURY — GENERAL

(a)

STATE INVESTMENT COUNCIL

Common Pension Fund E

Limitations

Proposed Amendment: N.J.A.C. 17:16-69.9

Authorized By: State Investment Council, Timothy M. Walsh,

Director, Division of Investment.

Authority: N.J.S.A. 52:18A-91.

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

Proposal Number: PRN 2010-308.

Submit comments by February 4, 2011 to:

Timothy M. Walsh

Administrative Practice Officer

Division of Investment

PO Box 290

Trenton, New Jersey 08625-0290

The agency proposal follows:

Summary

N.J.A.C. 17:16-69 governs Common Pension Fund E, a common trust fund whose assets may be invested in alternative investments, the State of New Jersey Cash Management Fund, United States Treasury Obligations and commercial paper. The participating funds in Common Pension Fund E are the Police and Firemen's Retirement System, Public Employees' Retirement System, State Police Retirement System, Teachers' Pension and Annuity Fund and Judicial Retirement System of New Jersey.

The proposed amendment to N.J.A.C. 17:16-69.9(a)4 clarifies that 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 dollars committed in any given calendar year, are subject to disclosure to the Council by the Director, subsequent to the date of investment in accordance with N.J.A.C. 17:16-69.9(a)3.

N.J.A.C. 17:16-69.9(d) provides that not more than 28 percent of the market value of the assets of any fund participating in Common Pension Fund E shall be represented by the market value of investments as permitted by N.J.A.C. 17:16-71 (real assets), 90 (private equity) and 100 (absolute return strategy investments), whether held directly by such fund or through Common Pension Fund E. The proposed amendment to N.J.A.C. 17:16-69.9(d) will raise this limitation to 38 percent to provide greater flexibility in making investments in alternative investments and to provide a more efficient way of improving the State-administered funds' overall risk-adjusted returns. The overall cap of 38 percent is below the aggregate of the investment-specific caps in N.J.A.C. 17:16-71, 90 and 100, which, as adjusted by concurrently proposed amendments for real estate, private equity and absolute return fund investments, will allow for limitations of nine percent, seven percent, 12 percent and 15 percent in the real estate, real asset, private equity and absolute return fund categories, respectively. The Council believes that the lower overall cap will provide sufficient flexibility for appropriate implementation of the higher investment caps.

Because the Division 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 amendment shall have a positive social impact, because increased overall risk-adjusted returns for the State-administered funds will benefit the funds' beneficiaries and will lessen the long-term burden on the State's taxpayers.

Economic Impact

The proposed amendment shall have a positive economic impact by providing an opportunity for increased risk-adjusted returns of the State-administered funds.

Federal Standards Statement

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

Jobs Impact

The State Investment Council and the Division of Investment do not anticipate that any jobs will be generated or lost by virtue of the proposed amendment.

Agriculture Industry Impact

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

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required, since the proposed amendment will have no effect on small businesses as the term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., but regulates only the Director of the Division of Investment.

Smart Growth Impact

The proposed amendment is not anticipated to have an impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed amendment will have no impact on the affordability of housing in the State of New Jersey. The proposed amendment will permit a higher percentage of pension fund assets to be invested in alternative investments.

Smart Growth Development Impact

The proposed amendment is 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 amendment will permit a higher percentage of pension fund assets to be invested in alternative investments.

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

17:16-69.9 Limitations

(a) For all investments (other than the State of New Jersey Cash Management Fund, United States Treasury Obligations, commercial paper, common and preferred stocks, issues convertible into common stock and exchange-traded funds, direct bank loans, and credit default swap transactions) made in Common Pension Fund E, the following shall occur:

1.-3. (No change.)

4. In any given calendar year, and at any point within such year, at least 80 percent of the number of investments which are approved and 80 percent of the dollar amount of total investment commitments must be eligible for a report by the Investment Committee to the Council. 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 Investment Committee will not issue a report to the Council] **the Director shall provide an informational memorandum to the Council pursuant to (a)3 above.** Once the Division has exceeded its 20 percent "exemption" in any given year, all proposed investments will be subject to the Investment Committee providing a report to the Council until the number and dollar value of "exempt" investment again falls below the 20 percent threshold.

(b)-(c) (No change.)

(d) Not more than [28] **38** percent of the market value of the assets of any fund shall be represented by the market value of investments as permitted by N.J.A.C. 17:16-71, 90 and 100, whether held directly by such fund or through Common Pension Fund E. If the market value exceeds [28] **38** percent, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation of the fund below the [28] **38** percent level, except that the period of grace may

be extended for additional four-month periods with the approval of the Council.

(e)-(f) (No change.)

(a)

STATE INVESTMENT COUNCIL

**Real Assets
Definitions; Limitations**

Proposed Amendments: N.J.A.C. 17:16-71.1 and 71.4

Authorized By: State Investment Council, Timothy M. Walsh,
Director, Division of Investment.

Authority: N.J.S.A. 52:18A-91.

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

Proposal Number: PRN 2010-309.

Submit comments by February 4, 2011 to:

Timothy M. Walsh
Administrative Practice Officer
Division of Investment
PO Box 290
Trenton, New Jersey 08625-0290

The agency proposal follows:

Summary

N.J.A.C. 17:16-71 permits eligible funds to invest in real estate and other real assets, which include infrastructure, oil and gas, timber properties, royalty trusts and commodity-linked investments. The proposed amendment to the definition of "real assets" in N.J.A.C. 17:16-71.1 will expand the definition of real assets to include farmland and precious metals. Investments in these assets will provide further diversification for the State-administered funds and provide an opportunity for improved risk-adjusted returns for such funds.

N.J.A.C. 17:16-71.4(a)1 provides that not more than seven percent of the market value of the assets of any Pension and Annuity Fund investing in Common Pension Fund E shall be invested in real estate. The proposed amendment to N.J.A.C. 17:16-71.4(a)1 would increase this limit from seven percent to nine percent in order to provide greater flexibility in making investments in real estate and an opportunity for increased risk-adjusted returns for the State-administered funds.

Within the proposed nine percent cap on real estate, the proposed amendments include: (1) an increase in the cap on investments in real estate outside of the United States from three percent to five percent in N.J.A.C. 17:16-71.4(a)3; (2) an increase in the cap on investments in a single real estate property type from three percent to seven percent in N.J.A.C. 17:16-71.4(a)4; and (3) an increase in the cap on investments in real estate in any one geographic region in the United States from three percent to five percent in N.J.A.C. 17:16-71.4(a)5. These amendments are intended to provide for greater flexibility in making real estate investments and an opportunity for increased risk-adjusted returns for the State-administered funds.

The proposed amendment to N.J.A.C. 17:16-71.4(a)3 also clarifies that the currently proposed five percent limitation on investments in real estate outside of the United States is applied in the aggregate to investments made other than through common and preferred stock, exchange-traded funds and convertible issues.

N.J.A.C. 17:16-71.4(a)7 provides that no more than seven percent of the market value of the assets of any eligible fund shall be invested in the common and preferred stock of any one corporation. The proposed amendment clarifies that this limitation applies to direct investments in publicly traded corporations that primarily invest in real assets pursuant to N.J.A.C. 17:16-71.2(a)3 and does not apply to investments in corporations made through other investment vehicles. The proposed amendment to N.J.A.C. 17:16-71.4(a)8 clarifies that the five percent limitation of the total amount of stock purchased or acquired of any one corporation that entitles the holder to vote, applies to direct investments in publicly traded corporations that primarily invest in real assets