



Memorandum # 28/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Systems

FROM: Joseph E. Connarton, Executive Director

RE: New Investment Forms

DATE: August 25, 2003

Attached are new Investment Forms that are to be completed by investment managers and consultants doing business with Massachusetts public retirement systems. As of September 15, 2003, the old forms will no longer be accepted.

On the revised Exemption Applications for Alternative Investments, Real Estate, and International Investments, prospective managers are asked to respond to general questions and provide basic information on their organization, investment philosophy, and overall capability. For systems that are approved to conduct searches for hedge funds, the newly developed form for either Hedge Funds or Fund-of-Funds must be completed by selected managers. The new Competitive Process Notification Form replaces the letter sent from the retirement boards when hiring a new vendor. The Vendor Certification Form and the Statement of Investment Objectives Form remain unchanged.

There are now separate Disclosure Forms for consultants and investment managers. Besides asking for previously requested information in a more concise and better organized manner, the new forms ask additional questions requiring the disclosure of any financial relationships between consultants and prospective investment managers. Because of the important changes made in the Disclosure Forms, Boards are instructed to forward the new Disclosure Forms to all existing vendors for completion and filing with the Board.

The distribution of these new forms, which should be completed by prospective managers as part of the RFP process, is an opportune time for boards and their consultants to update and correct their existing RFP forms. The PERAC Investment Unit receives frequent phone calls from prospective investment managers who are understandably puzzled by certain questions on the RFP. Many RFPs have questions that appear to ask prospective managers whether they have received an exemption from or have been approved by PERAC for a particular investment mandate. As boards should know, PERAC has no process for pre-approving managers, and there is no list of managers that restricts the potential universe of managers that boards may consider

MEMORANDUM - Page Two

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and ultimately hire. Furthermore, there is no exemption requirement for domestic equity and fixed income managers. If boards are simply intending to ask whether prospective managers already manage money in a particular mandate for other Massachusetts public retirement systems, they should ask the question in a clear manner that does not imply that any prior approval by PERAC is a necessary condition for inclusion in a competitive process. Also, we sometimes receive calls from prospective managers inquiring about a Form 10-1 that is referred to in certain RFPs. Please be advised that there is no such form and never was!

These forms will be available on the PERAC Home Page. Any questions about these forms should be directed to Robert Dennis, Investment Director, at 617-666-4446, ext. 922.