

840 CMR 2.00: RETIREMENT BOARD TRAVEL

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2.01: General Provisions

(1) 840 CMR 2.00 is the standard rule for travel and travel-related expenditures by retirement board members and retirement board staff members. PERAC recognizes that retirement board members and the retirement board staff must perform their fiduciary duties in an efficient, effective and informed manner. All travel-related expenses that are to be paid for by the board shall be related to the purpose of the authorized travel and shall be cost-effective.

(2) PERAC recognizes the importance of continuing education; the need for informed decision making by retirement board members; and the need for a broader public pension perspective, gained through association with other retirement boards and administrators, both within the Commonwealth of Massachusetts and throughout the nation, whether virtually or in-person.

(3) Except as otherwise provided by the PERAC or by supplementary rules of a particular retirement board approved by the PERAC pursuant to 840 CMR 14.02: *Supplementary Rules* all travel by retirement board members and board staff shall comply with 840 CMR 2.00.

(4) Retirement boards may adopt supplementary regulations to supplement and expand upon 840 CMR 2.00. Any such board regulations are to be submitted to PERAC for review and approval as required by the provisions of M.G.L. c. 7, § 50 and M.G.L. c. 32, § 21(4).

2.02: Meaning of Terms

Terms common to 840 CMR 2.00 and M.G.L. c. 268A shall have the meaning ascribed to them by M.G.L. c. 268A and rulings issued pursuant to that law. 840 CMR 2.00 is in addition to, and, in some respects, more stringent than the provisions of M.G.L. c. 268A. Unless otherwise defined by the provisions of M.G.L. c. 32, 840 CMR, or by M.G.L. c. 268A and rulings issued pursuant to that law, the usual and customary definitions for terms used in 840 CMR 2.00 shall apply.

2.03: Board Authorization of Travel and Travel-related Expenditures

The retirement board shall pay for or make reimbursement to board members and the staff of the retirement board for all travel and lodging expenses except as specifically authorized pursuant to 840 CMR 2.13 for expenses related to legitimate speaking engagements.

- (1) Travel and related expenses are to be approved by the board in advance of the travel.

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(2) Requests for travel by board members and the retirement board Executive Director/Administrator shall be placed on a board meeting agenda, discussed in open session and approved by a majority vote of the members of the board present and voting. The meeting minutes shall reflect the board's action, the extent of the authorization, and supporting information addressing the nature of the travel and its purpose.

(3) A board may authorize the Executive Director/Board Administrator to approve travel for other members of the board's staff. The board should establish policies and procedures for staff travel. Such policies and procedures shall be consistent with 840 CMR 2.00.

(4) A statement describing the presentation, conference or seminar should be entered into the minutes of the meeting following the travel.

(5) Boards shall obtain the most cost-effective means of travel and travel-related expenses, pursuant to 840 CMR 2.00 and the board's approved supplementary regulations.

2.04: Required Documentation for Reimbursement

(1) The board shall develop a form to be used in connection with any requests for reimbursement, requiring that the traveler certify that the expenses were incurred and were necessary and incidental to the approved travel.

(2) All requests for reimbursement shall be completed and properly approved after incurring any travel, transportation or meal or other travel-related expenses and before reimbursement takes place. The retirement boards shall require that requests for reimbursement be submitted within a reasonable time after the expenses are incurred, but in no event longer than 60 days after the expenses were incurred. If expenses for a single event were incurred over a number of days, requests for reimbursement shall be submitted no later than 60 days from the last day that expenses were incurred.

(3) Itemized receipts must be submitted for all expenses including transportation, lodging, and other expenses incidental to travel.

(4) Travel-related expenses that are under \$10 (such as gratuities) should be fully described and reimbursed based on the traveler's certification that the expenses were necessary and incidental to the approved travel.

(5) The board should use due diligence in reviewing and approving reimbursement requests. Any travel-related expenditures which have not been properly documented or approved or are not in conformity with 840 CMR 2.00 must be rejected or adjusted.

(6) Reimbursement shall only be made to the person who actually made payment for the expense.

(7) The reimbursement request form must be signed by the person seeking reimbursement and signed under the penalties of perjury.

2.05: Travel Arrangements

(1) The board should designate a board staff member to be responsible for making all travel arrangements and for assisting board members and board staff in completing reimbursement forms. If a board member or board staff member elects to make his or her own travel arrangements, the provisions of 840 CMR 2.00 shall apply.

(2) When making travel arrangements, government rates, business rates or the most cost-effective rate shall be secured. The board must be satisfied that the rate is fair and reasonable before reimbursement is approved.

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(3) The board may authorized an extended stay if the net cost to the board will be lower. For example, if airline fare is lowered by staying an extra day and the cost of accommodations and meals for that extra day results in a net savings to the board, an extended stay can be authorized.

2.06: Transportation

(1) Cost-effective means of transportation shall be utilized.

(2) All travel should be at the lowest fare available, generally economy/coach. The board may, by supplementary regulation, submitted and approved by PERAC, establish routing criteria, for example, requiring no more than one interim stop each way; not requiring more than one scheduled airplane transfer each way; or allowing for reasonable departure and arrival times.

(3) A retirement board shall not make payment or reimbursement for airline club member-ships.

(4) If a retirement board authorizes the use of rental cars, the board may, by supplementary regulation, submitted to and approved by PERAC, establish that the source of such cars shall be a national rental agency, and that the rental cars shall be "standard class". It is the traveler's responsibility to verify that the rate charged is the rate negotiated.

(5) The retirement board may determine whether optional insurance coverage for travel will be required.

(6) Any motor vehicle accidents which occur while using a rental car while on board-approved travel are to be reported as soon as practicable, in writing to the appropriate authorities, with copies of all such reports provided to the board.

(7) No reimbursements shall be made for fines or other expenses incurred as a result of traffic violations while on board-approved travel. The traveler is personally responsible for such expenses.

(8) The retirement board shall, by supplementary regulation, submitted and approved by PERAC, establish the allowable rate of reimbursement for use of personal motor vehicle. The per mile rate of reimbursement shall not exceed the amount allowed by the Internal Revenue Service. If the board does not submit a supplementary regulation, then the Internal Revenue Service rate shall be used. Parking fees and toll charges may be reimbursed, subject to proper documentation.

2.07: Lodging

(1) All reservations for accommodations should be made in advance. It is the traveler's responsibility to verify that the rate charged is the rate negotiated. Reimbursement for accommodations shall not exceed the amount charged for "standard" accommodations. If accommodations are included as a part of a registration fee, the board must be satisfied that the rate for such accommodations is fair and reasonable before reimbursement or payment is approved.

(2) Reimbursement is prohibited if lodging is included in the cost of registration for a conference or seminar.

2.08: Meals

(1) Retirement boards must, by supplementary regulation, submitted and approved by PERAC, establish and identify the maximum daily reimbursable amount for the cost of meals while on board authorized travel. The board may, by supplementary regulation, submitted and approved by PERAC, allow for reimbursement in excess of the allowable amount for travel to high-cost locations.

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(2) Reimbursement is prohibited if meals are included in the cost of registration for a conference or seminar. If the board determines that special circumstances require a board member or board staff member to take meals other than those included in the cost of registration, reimbursement may be made provided that all provisions of 840 CMR 2.00 are met. The special circumstances must be discussed in a board meeting and the board's determination must be reflected in the minutes of the board.

(3) If reimbursement is sought for meal expenses for others, those individuals are to be identified along with their affiliation and a description of the purpose of the meeting. Reimbursement shall be made only for meetings that are for business purposes.

(4) Retirement boards shall never reimburse the cost of alcoholic beverages.

2.09: Other Reimbursable and Non-reimbursable Expenses

(1) Retirement boards may reimburse board members or board staff members for the following items:

- (a) gratuities paid in accordance with local custom;
- (b) telephone expenses limited to board or business-related calls;
- (c) internet connection charges;
- (d) costs for faxing related to board business;
- (e) costs for necessary copying related to board business; or
- (f) mandatory resort or hotel fees.

(2) Retirement boards shall not reimburse board members or board staff members for the following items:

- (a) personal expenses, for example, in-room movies, mini-bar charges, gym fees, entertainment or recreational expenses, laundry and dry cleaning, spa visits, or payments for alcoholic beverages.
- (b) This list of prohibited reimbursements is not exhaustive.

2.10: Cash Advances

Retirement Boards shall not make cash advances to board members or board staff members.

2.12: Personal Travel Combined with Board-related Travel

If personal travel is combined with board-related travel, the personal portion of the travel and related expenses will be clearly identified and paid for by the traveler. Travel expenses or any other expenses incurred by a spouse, relative, friend or other individual accompanying a board member or board staff member will be considered to be personal travel and will, in no event, be a proper expense of the retirement board.

2.13: Payments or Reimbursements for Expenses by Third Parties

(1) Providing to or receipt by a board member or staff member of anything of substantial value from any person, firm, partnership or other entity, either directly or indirectly, as outlined and discussed in M.G.L. c. 268A, is strictly prohibited.

(2) In instances where a retirement board member or board staff member participates in a legitimate speaking engagement, the board shall pay all costs and expenses related to such speaking engagement, provided, that the board member or board staff member complies with all of the board's travel regulations. The board may accept reimbursement for such travel-related expenses of a board member or a member of the board's staff from the third-party, only under the following limited circumstances:

- (a) A board member or a board staff member may participate in legitimate speaking engagements in connection with their positions on the retirement board or as a member of the board's staff and the board may accept reimbursements from third parties necessary to cover travel-related costs for such engagements.

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- (b) Acceptance of an honorarium or any other form of compensation is strictly prohibited.
- (c) To be considered a legitimate speaking engagement, the presentation must be formally scheduled on the agenda of a convention or conference.
- (d) The speaking engagement must be scheduled in advance of the board member's or board staff member's arrival at the event.
- (e) The presentation must be before an organization that would normally have outside speakers address them at such an event.
- (f) The presentation cannot be perfunctory, but should significantly contribute to the event, taking into account such factors as the length of the speech or presentation, the size of the audience, and the extent to which the speaker is providing substantive or unique information or viewpoints.
- (g) The retirement board can be reimbursed by a third-party for expenses only to the extent necessary for making the speech or presentation.
- (h) Under no circumstances can a board member or board staff member receive reimbursement or any other payment or compensation from a third-party.

(3) In instances where a retirement board member or board staff member participates in a nonprofit professional organization related to public pension or public retirement, the retirement board may be reimbursed by the organization for the expenses related to such participation. The travel or participation must be approved by the board in advance of any expenditures, and the minutes of the board must note this action. No organization, association or group of any sort that is comprised of or supported by any person, firm, partnership or other entity, either directly or indirectly, as outlined and discussed in M.G.L. c. 268A, shall reimburse a retirement board for any expenses of a board member or board staff member to participate in any activities of that organization.

2.14: Violation of 804 CMR 2.00 or Board Travel Supplementary Regulations

Any person or entity that violates 840 CMR 2.00 or any Retirement Board supplementary regulation approved by PERAC prior to March 29, 2024 shall be deemed to have violated the provisions of 840 CMR 17.00: *Standards of Conduct for Fiduciaries and Qualified Investment Managers* and shall be subject to removal as an investment manager or consultant.

REGULATORY AUTHORITY

840 CMR 2.00: M.G.L. c. 7, § 50 and c. 32, § 21.