

# MACRS

## DO THE STATUTORY INVESTMENT CHANGES BY CHAPTER 176 OF THE ACTS OF 2011 GO TOO FAR OR NOT FAR ENOUGH?



Gerald McDonough | Commissioner &  
Investment Subcommittee Chairman,  
PERAC

June 2, 2014

## NEW RETIREMENT BOARD MEMBER REQUIREMENTS

- File Board Member Annual Eligibility Certification
- File Chapter 286A Compliance Pledge
- File Statement of Financial Interest (SFI) by May 1<sup>st</sup> of each year
- Education Requirements: must complete 18 credits of PERAC-approved training during the course of your term

## **SIGNIFICANT CHANGES IN PROCUREMENT PROCESS FOR INVESTMENT SERVICE PROVIDERS**

- Exemption or Waiver from Investment Regulations no longer issued
- PERAC Acknowledgement Letter is required prior to investment of funds
  - All Board Members must certify procurement process is followed properly
  - Vendor must certify procurement process is followed properly
  - Placement Agent Statement for Investment Managers Required
  - Board Certification that investment is not prohibited by regulation
  - Consultant or Retirement Board Evaluation Report ranking of all Respondents as Highly Advantageous, Advantageous, Not Advantageous, Unacceptable

## **WHAT DOES AN INVESTMENT SERVICE PROVIDER NEED TO DISCLOSE?**

- Disclosure of compensation paid
- Disclosure of compensation received
- Disclosure of any conflict of interest

## **DISCLOSURES OF COMPENSATION PAID - CHAPTER 32, SECTION 23B(k)(1)(d)**

- Under Section 23B the contractor must:  
“...annually disclose to the commission and the retirement board compensation, in whatever form, paid or expected to be paid, directly or indirectly, by the contractor or a related person to others in relation to the contractors services to the retirement board or any other client;”

## **DISCLOSURES OF COMPENSATION RECEIVED - CHAPTER 32, SECTION 23B(k)(1)(c)**

- Under Section 23B the contractor must:  
“...annually inform the commission and the board of any arrangements in oral or in writing, for compensation or other benefit received or expected to be received by the contractor or a related person from others in connection with the contractors services to the retirement board or any other client.”

## **DISCLOSURES/CONFLICT OF INTEREST - CHAPTER 32, SECTION 23B(k)(1)(e)**

- the statute requires that contractors disclose to: “the commission and the retirement board in writing any conflict of interest the contractor may have that could reasonably be expected to impair the contractor’s ability to render unbiased and objective services to the retirement board.”



## ANNUAL VENDOR DISCLOSURES (as Required by G.L.C 32 §23 and §23B)

- Annual Vendor Disclosures Form has replaced:
  - Annual Disclosure of Compensation Paid
  - Annual Disclosure of Compensation Received
  - Disclosure of Conflict of Interest

**DISCLOSURE OF CONFLICT OF INTEREST AS REQUIRED BY G.L.C.32 §23 AND §23B** (Issued: 11/12)

**ANNUAL DISCLOSURE OF COMPENSATION RECEIVED AS REQUIRED BY G.L. c.32 §23 AND §23B** (Issued: 11/12)

**ANNUAL DISCLOSURE OF COMPENSATION PAID AS REQUIRED BY G.L. c.32 §23 AND §23B** (Issued: 11/12)

Massachusetts Law (Chapter 32, Section 23 and/or 23B) requires that a contractor providing investment services to a retirement board annually disclose to the Commission and the retirement board compensation, in whatever form, paid or expected to be paid, directly or indirectly by the contractor or a related person to others in connection with the contractors services to the retirement board or any other client.

I make this disclosure pursuant to G.L. c.32, §23 and/or 23B in order to comply with the requirement that a contractor providing investment services to a retirement board disclose to the Commission and the retirement board compensation, in whatever form, paid or expected to be paid, directly or indirectly by the contractor or a related person to others in connection with the contractors services to the retirement board or any other client.

Name of Contractor (print or type) \_\_\_\_\_

Title or Position \_\_\_\_\_

Name of Contractor's Business \_\_\_\_\_

Contractor's Business Address: \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Name of Retirement Board \_\_\_\_\_

There exist arrangements as set forth above that I must disclose. ☐ (Yes) ☐ (No)

I publicly disclose the following facts:

Recipient of Compensation	Form of Compensation	Value of Compensation

(Attach additional pages if necessary)

Signature of Contractor \_\_\_\_\_

Date \_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS  
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
FIVE WOODLISSE AVE., SUITE 204, SOMERVILLE, MA 02145  
PH 617-866-4446 TTY 877-261-8977 WEB WWW.MASS.GOV/PERAC



**Annual Vendor Disclosures** (as required by G.L. c. 32 §23 & 23B)

Please submit completed form and any attachments to PERAC and the retirement board on or before March 1st. Failure to do so may subject the Fund/Entity to sanctions pursuant to Chapter 32, Section 23A. Please attach additional sheets if necessary.

Please print or type all entries in blue or black ink.

**1. Vendor/Board Information**

Name of Company/Entity: \_\_\_\_\_

Name of Fund: \_\_\_\_\_

Retirement Board: \_\_\_\_\_

**2. Compensation PAID:** ☐ No ☐ Yes

Recipient of Compensation	Form of Compensation	Value of Compensation

Additional Pages Attached: ☐ No ☐ Yes

**3. Compensation RECEIVED:** ☐ No ☐ Yes

Source of Compensation	Form of Compensation	Value of Compensation

Additional Pages Attached: ☐ No ☐ Yes

**4. Conflict of Interest?** ☐ No ☐ Yes

If yes, please advise: \_\_\_\_\_

Additional Pages Attached: ☐ No ☐ Yes

**5. Declaration and Signature**

I make this disclosure pursuant to G.L. c.32, §23 and/or 23B in order to comply with the requirement that an entity providing investment services to a retirement board disclose to the Commission and the retirement board compensation, in whatever form, paid, or expected to be paid, and received, or expected to be received, directly or indirectly by the entity or a related person to others in connection with the entities services to the retirement board or any other client to whom the same service is provided. In addition, I make this disclosure of any conflict of interest that may have or could reasonably be expected to impair the ability to render unbiased and objective advice to the retirement board.

Name, First: \_\_\_\_\_ Last: \_\_\_\_\_ Suffix: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

(updated 12/2013)



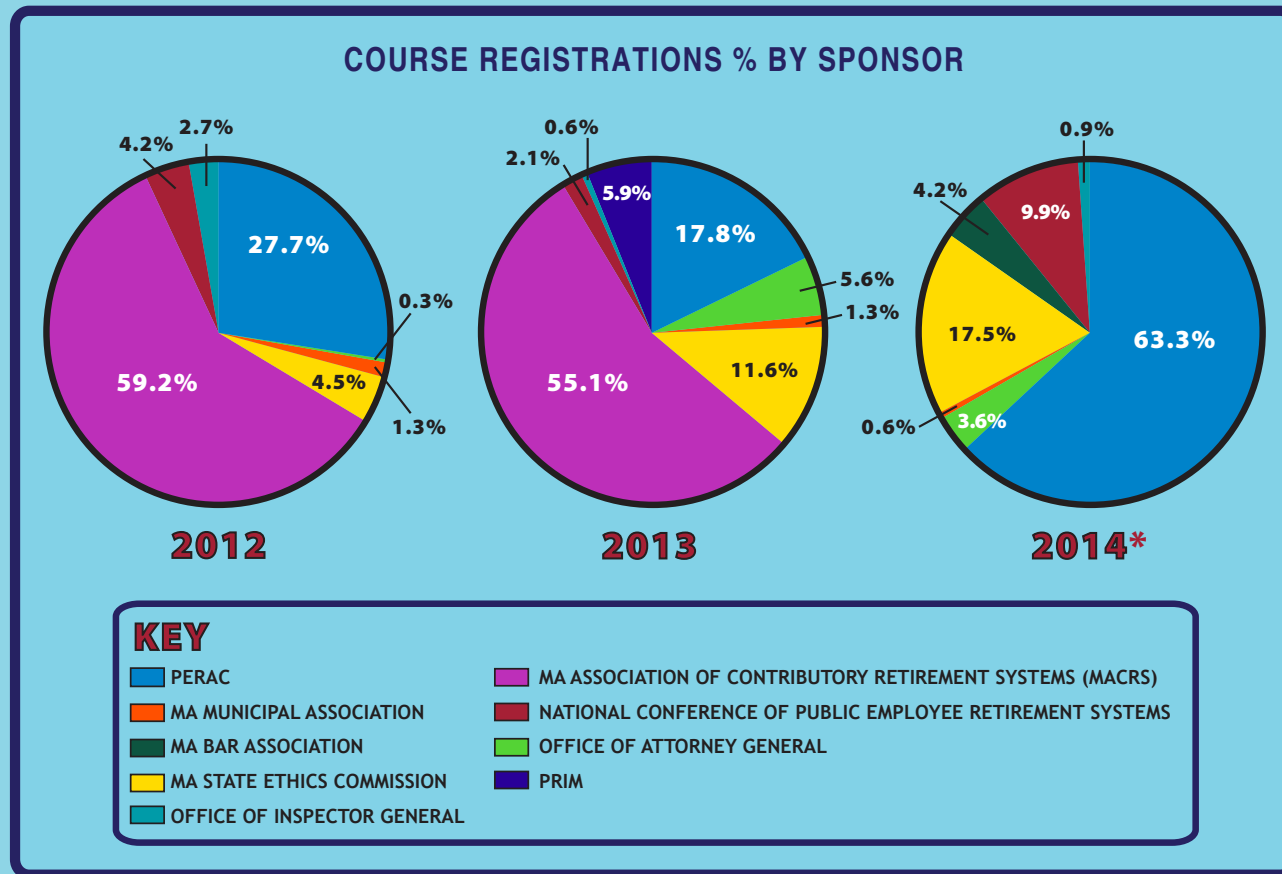
# PROCUREMENT CHANGES

- Chapter 176 of 2011 inserted Chapter 32, Section 23B(d), requiring a procurement process. This requirement applies to any contract as of February 16, 2012.
- The procurement process requires necessary documentation so that trustees can meet the standard of a prudent expert in taking all actions related to procurement as fiduciaries.
- All written procurement documents are to be retained by the retirement board for six years from final payment of the contract.
- Procurement Required for: Investment, Legal, Actuarial and Accounting Services

## **SECTION 23B REQUIRED ACTIONS FOR PROPER PROCUREMENT**

- Notice posting
- RFP issuance
- Register of bids from opening of proposals
- Written initial evaluation of proposals
- Written determination of most advantageous proposal
- Annual disclosures by contractor
- Vendor and board member certification forms
- Actual written contract

## COURSE REGISTRATIONS % BY SPONSOR (2012-2014)



\*2014 data is as of 5/15/2014 (does not include MACRS for 2014)

## NUMBER OF COURSE REGISTRATIONS BY SPONSOR (2012-2014)

**2012**

- ATTORNEY GENERAL = 5
- MA MUNICIPAL ASSOC. = 26
- MA STATE ETHICS COMMISSION = 88
- MACRS = 1,147
- NCPERS = 81
- OFFICE OF INSPECTOR GENERAL = 52
- PERAC = 537

**2013**

- ATTORNEY GENERAL = 100
- MA MUNICIPAL ASSOC. = 23
- MA STATE ETHICS COMMISSION = 207
- MACRS = 981
- NCPERS = 37
- OFFICE OF INSPECTOR GENERAL = 11
- PERAC = 317
- PRIM = 105

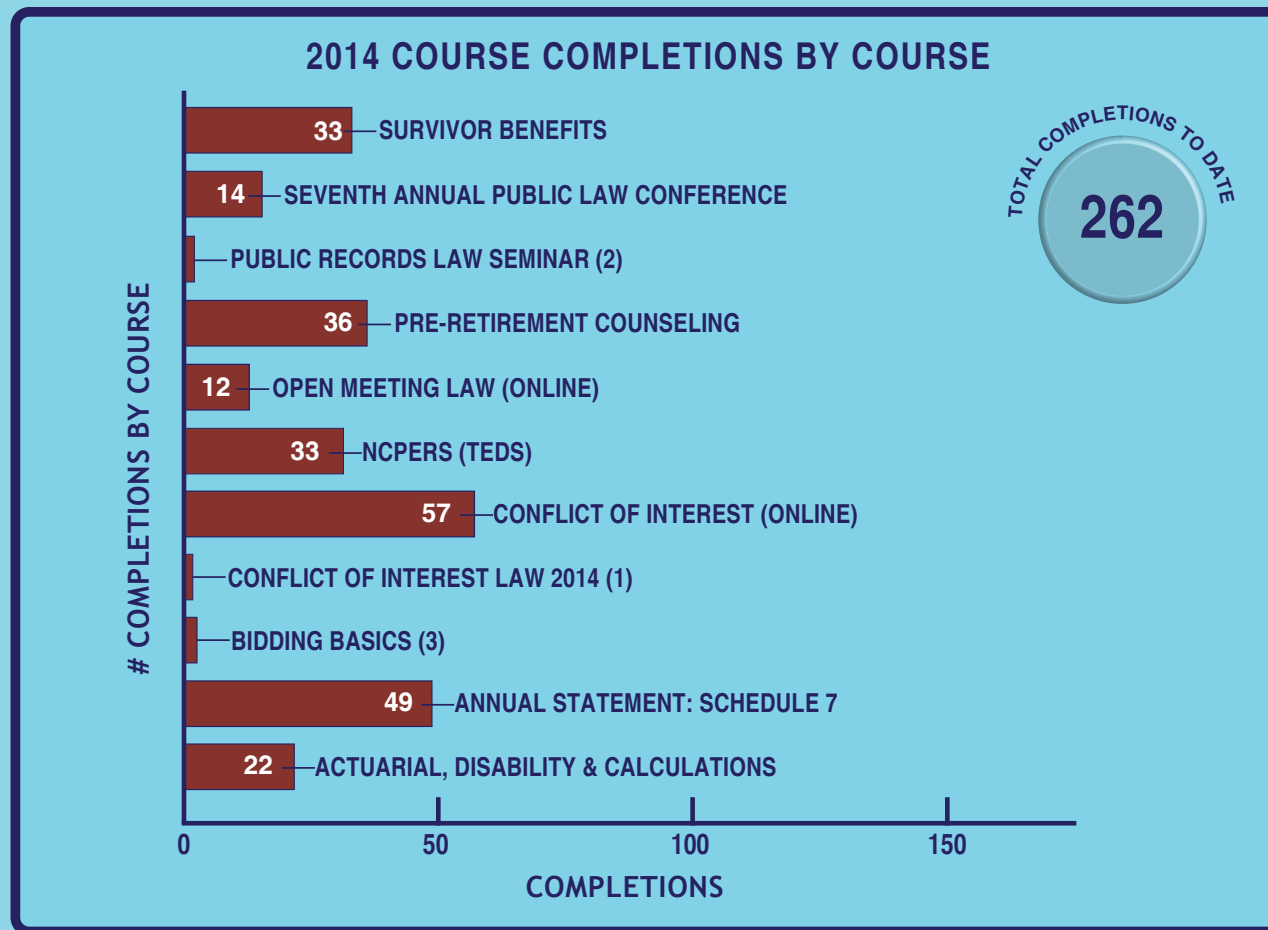
**2014**

- ATTORNEY GENERAL = 12
- MA MUNICIPAL ASSOC. = 2
- MA STATE ETHICS COMMISSION = 58
- MA BAR ASSOC. = 14
- NCPERS = 13
- OFFICE OF INSPECTOR GENERAL = 3
- PERAC = 210

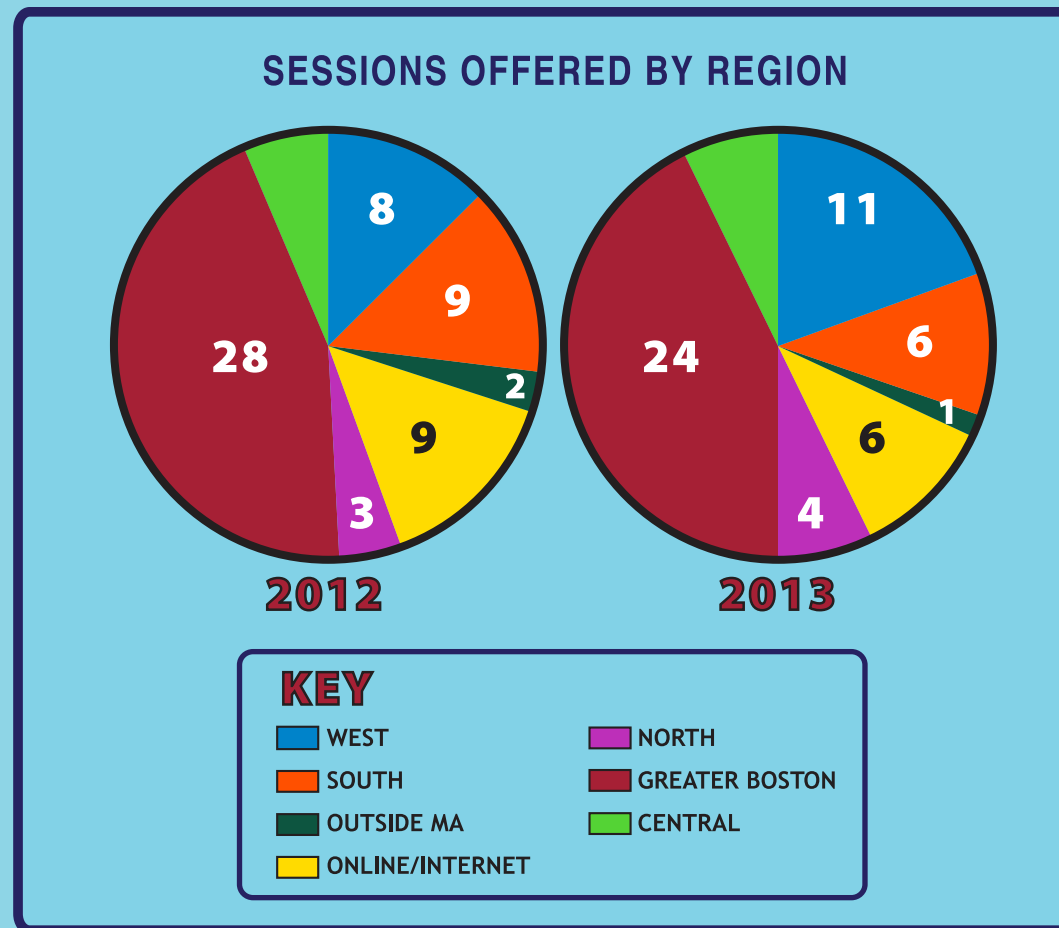
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# 2014 COURSE COMPLETIONS

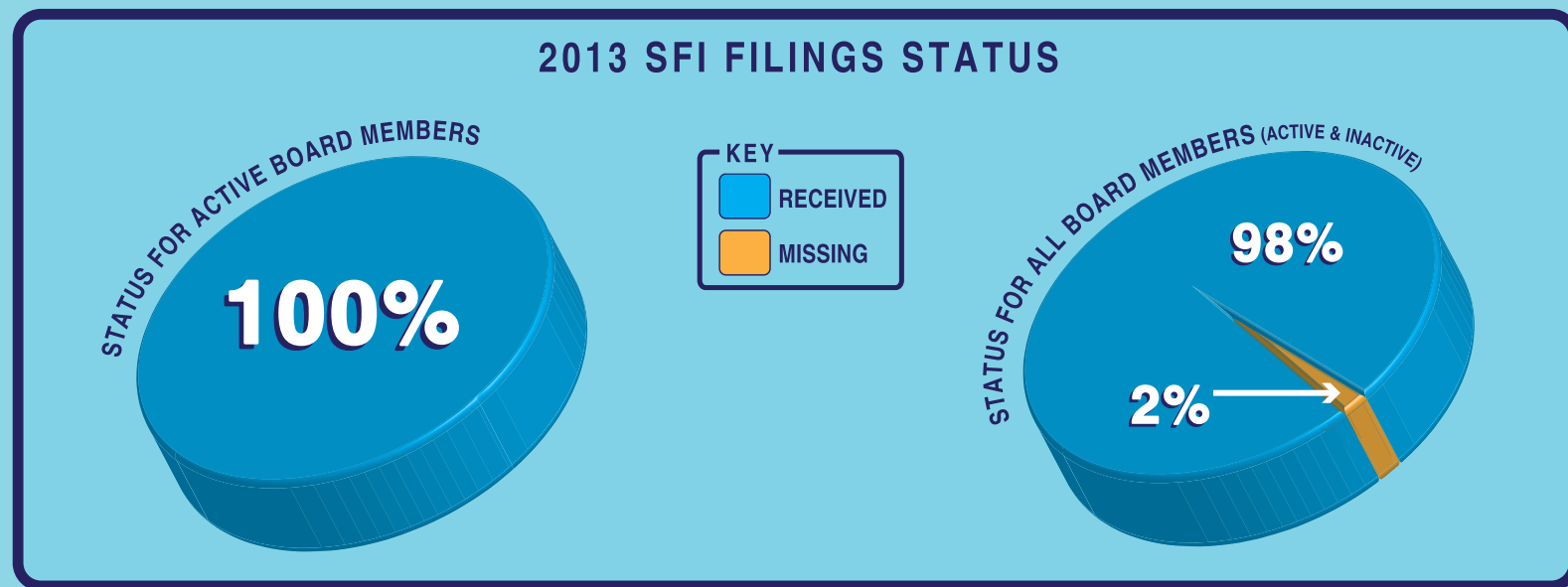
(as of 5/15/2014)



# SESSIONS OFFERED BY REGION (2012-2013)

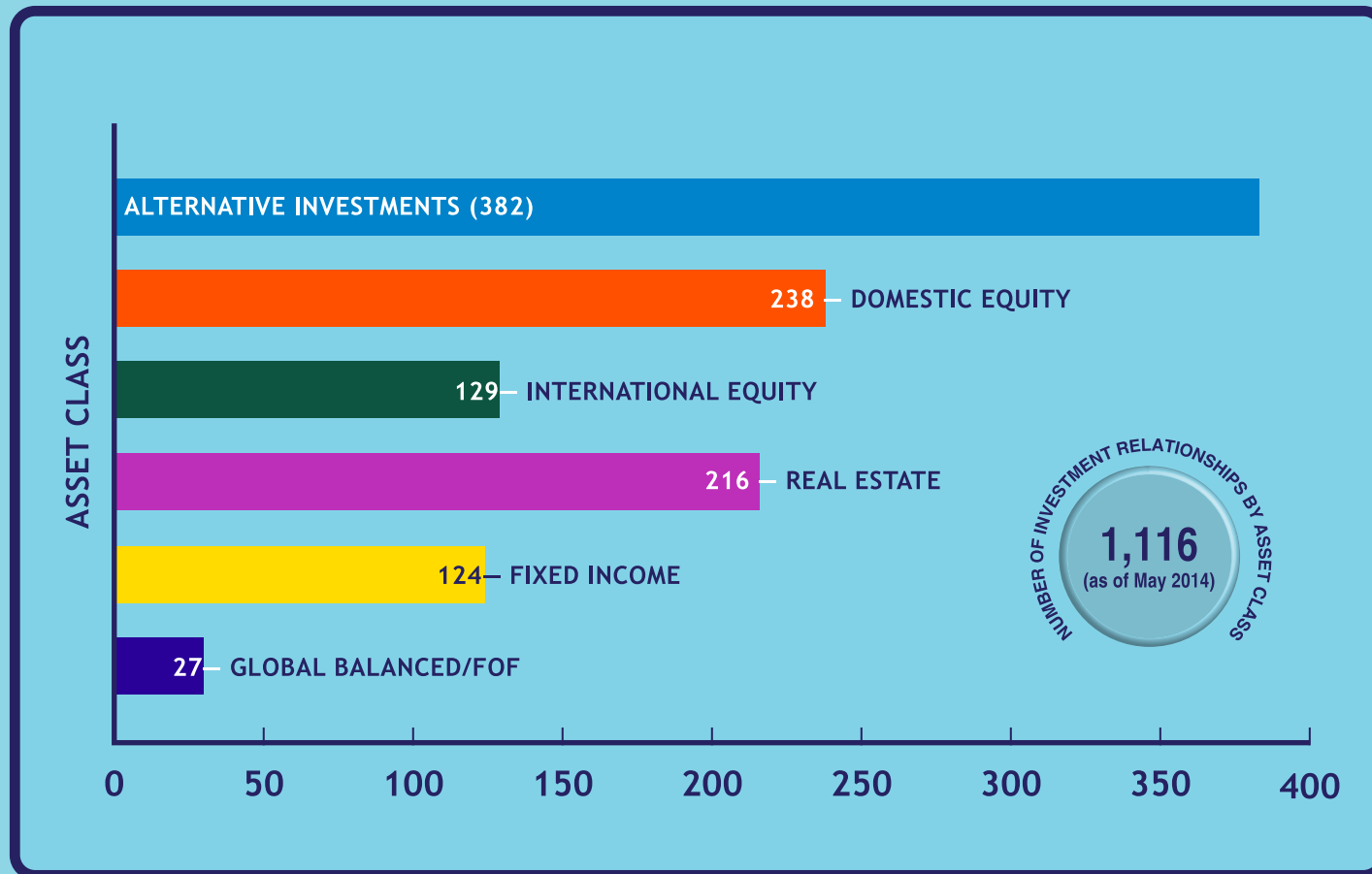


## 2013 SFI FILINGS STATUS

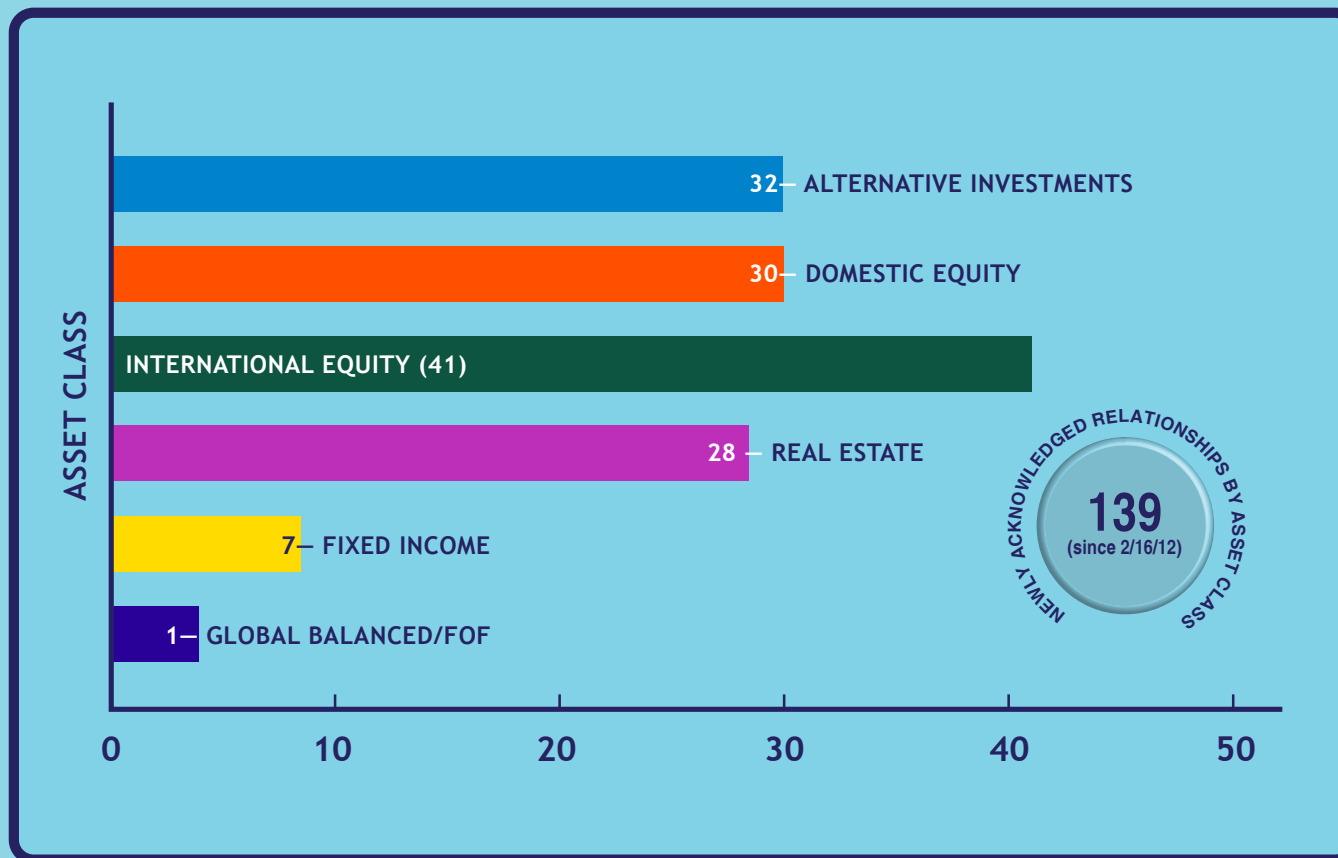




## INVESTMENT RELATIONSHIPS BY ASSET CLASS (as of May 2014)



## NEW INVESTMENT RELATIONSHIPS POST CH. 176 (Since 2/16/12)



## BOARD CONSULTANT RELATIONSHIPS/ACTIVE RETIREMENT BOARD VENDORS (1)

### DAHAB ASSOCIATES

- ATTLEBORO
- DUKE'S COUNTY
- ESSEX REGIONAL
- FRANKLIN REGIONAL
- NORTH ATTLEBORO
- SHREWSBURY
- TAUNTON

### MEKETA INVESTMENT GROUP

- |               |             |
|---------------|-------------|
| • HINGHAM     | • NORWOOD   |
| • LEXINGTON   | • QUINCY    |
| • MARLBOROUGH | • WORCESTER |
| • MHFA        |             |

### GRAYSTONE CONSULTING

- DANVERS

### FIDUCIARY INVESTMENT ADVISORS, LLC

- |              |              |
|--------------|--------------|
| • NATICK     | • SWAMPSCOTT |
| • PITTSFIELD | • WALTHAM    |
| • PLYMOUTH   | • WATERTOWN  |
| • STONEHAM   | • WEYMOUTH   |

## BOARD CONSULTANT RELATIONSHIPS/ACTIVE RETIREMENT BOARD VENDORS (2)

### NEW ENGLAND PENSION CONSULTANTS

- |             |                 |
|-------------|-----------------|
| • BELMONT   | • HAMPSHIRE CTY |
| • BOSTON    | • MWRA          |
| • BRAINTREE | • MEDFORD       |
| • BROCKTON  |                 |

### WAINWRIGHT INVESTMENT COUNSEL, LLC

- |               |                |
|---------------|----------------|
| • FALMOUTH    | • PLYMOUTH CTY |
| • HAVERHILL   | • WEBSTER      |
| • NORFOLK CTY | • WOBURN       |

### SEGAL ROGERS CASEY

- |               |               |
|---------------|---------------|
| • BRISTOL CTY | • HOLYOKE     |
| • CAMBRIDGE   | • MELROSE     |
| • HAMPDEN CTY | • NEW BEDFORD |

### TRUST ADVISORY GROUP, LTD

- CLINTON

### WILSHIRE ASSOCIATES

- MASSPORT

## QUESTIONS, COMMENTS?

