

HOUSE No. 3357

The Commonwealth of Massachusetts

PRESENTED BY:

Antonio F. D. Cabral

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to county retirement systems.

PETITION OF:

NAME:

Antonio F. D. Cabral

DISTRICT/ADDRESS:

13th Bristol

HOUSE No. 3357

By Mr. Cabral of New Bedford, a petition (accompanied by bill, House, No. 3357) of Antonio F. D. Cabral relative to establishing the Massachusetts economically targeted investment authority. State Administration and Regulatory Oversight.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to county retirement systems.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 23 of chapter 32 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by inserting after subsection (3) the following:--

3 (3A) All public retirement systems identified in subsections (1) (2) shall invest not less
4 than 5 per cent of its assets in targeted investment, through the Massachusetts Economically
5 Targeted Investment Authority, as established in chapter 32C. Such economically targeted
6 investments shall not constitute a breach of fiduciary duty to retirement systems.

7 SECTION 2. The Massachusetts General Laws are hereby amended by inserting after
8 chapter 32B the following new chapter:-

9 CHAPTER 32C

10 THE MASSACHUSETTS ECONOMICALLY TARGETED INVESTMENT
11 AUTHORITY

12 Section 1. Definitions. In this chapter—

13 (a) the term “authority” means the Massachusetts Economically Targeted Investment
14 Authority (also referred to as “META”);

15 (b) the term “economically targeted investment” means an investment, with the goal
16 of stimulating economic activity as well as generating an investment return, made in counties,
17 cities, towns, municipalities or regions of the Commonwealth which have a significantly high
18 level of employment as determined by the authority;

19 (c) the term “Massachusetts economically targeted investment Fund” means an
20 investment fund which contains the assets necessary economically targeted investments. Such
21 fund shall contain the 5 per cent of assets from all public retirement systems in the
22 Commonwealth and other public or private assets which choose to invest in this fund;

23 (d) the acronym “PERAC” means the public employee retirement administration
24 commission, as organized under chapter 32;

25 (e) the term “targeted areas” means an investment providing public benefits to
26 Massachusetts through the establishment, expansion, securing, financing or operation of an
27 industrial, recreational, research and development, commercial or service enterprise or facility,
28 or any parts or combinations, thereof, located within or partially within the Commonwealth and
29 including, but not limited to, all facilities necessary or desirable in connection therewith or
30 incidental thereto, including provision for working capital;

31 Section 2. Massachusetts Economically Targeted Investment Authority.

32 (a) There is hereby created an authority to be known as the Massachusetts
33 Economically Targeted Investment Authority or META as it should be commonly known.
34 META is hereby constituted a public instrumentality and the exercise by the META of the
35 powers conferred by this chapter shall be deemed to be the performance of an essential
36 governmental function. META is hereby placed in the office of the state treasurer, but shall not
37 be subject to the supervision or control of said department or of any board, bureau, or agency of
38 the Commonwealth except as specifically provided in this chapter. The authority shall be
39 governed and its powers exercise by a board of 9 commissioners. The commissioners shall be the
40 following:

41 (1) The state treasurer or designee.

42 (2) The executive director of PERAC, or designee.

43 (3) Four commissioners appointed by the state treasurer.

44 (4) Three commissioners appointed by the governor.

45 (b) These commissioners must have skill and experience in providing economic
46 development, starting and operating business, providing professional services to business,
47 obtaining and administering grants from governmental or philanthropic sources, at least one of
48 the treasurer's appointments shall be from Western Massachusetts and at least one of the
49 treasurer's appointments shall be from South Cove-Southeaster Massachusetts.

50 (c) These commissioners must have skill and experience in providing economic
51 development, starting and operating business, providing professional services to business,

52 obtaining and grants from government or philanthropic sources, at least one of the governor's
53 appointments shall be from South Cove-Southeastern Massachusetts.

54 (d) Each appointed commissioner shall serve a term of 5 years, except that in making
55 the initial appointments the state treasurer shall appoint one commissioner to serve a 2 year term.

56 (e) The governor and state treasurer shall individually appoint one commissioner for
57 a term of 3 years, one commissioner to serve for a term of 4 years, and one commissioner for a
58 term of 5 years.

59 (f) Any person appointed to fill a vacancy in the office of a commissioner shall be
60 appointed in a like manner and shall serve for only the unexpired term. Any commissioner shall
61 be eligible for reappointment. The governor and state treasurer may remove their respective
62 appointees only for good cause. The state treasurer shall serve as the chairperson. The
63 commissioners shall annually elect one of their commissioners as vice-chairperson and designate
64 a clerk who need not be a commissioner of the board. The clerk shall keep a record of the
65 proceedings of the agency and shall be the custodian of all books, documents and papers filed
66 with the agency, the minute books of the agency and of its official seal.

67 (g) Five of the commissioners of the authority shall constitute a quorum and a
68 majority of votes shall be necessary for the transaction of business or the exercise of any power
69 or function of the authority. Each director shall be entitled to reimbursement for actual and
70 necessary expenses incurred in the performance of official duties.

71 (h) The authority, its commissioners, officers and employees shall be subject to the
72 provisions of sections 1 to 4, inclusive, of chapter 268A, except that the authority any purchase
73 from, sell to, borrow from, loan to, contract with or otherwise deal with any public nonprofit

74 community development agency organized to carry out the purposes of this act of which any
75 director of the authority is also a commissioner or officer, provided that such interest is disclosed
76 in advance to commissioners of the board and recorded in the minutes of the authority and
77 provided further, that no director having such a financial interest may participate in any decision
78 affecting such transaction.

79 (i) The commissioners may appoint an executive director and also establish the
80 salary. The executive director shall be the chief administrative and operational officer of the
81 authority and shall direct and supervise administrative affairs and the general management of the
82 authority. The executive director may employ such other employees as shall be designated by
83 the board of directors, shall attend meetings of the board of directors, shall cause copies to be
84 made of all minutes and other records and documents of the authority and shall certify that such
85 copies are true copies, and all persons dealing the authority may rely upon such certification.

86 Section 3. Powers of META. META shall have the authority to—

- 87 (a) adopt by-laws for the regulation of its affairs and the conduct of its business;
- 88 (b) adopt an official seal;
- 89 (c) sue and be sued in its own name;
- 90 (d) make and execute contracts and all other instruments necessary or convenient for
91 the exercise of its power and functions;
- 92 (e) acquire, hold and dispose of personal property for its corporate purposes;
- 93 (f) enter into agreements or other transaction with any federal or state agency;

94 (g) acquire real property, or an interest therein, by purchase or foreclosure, where
95 such acquisition is necessary or appropriate to protect or secure any investment or loan in which
96 the agency has an interest; to sell, transfer and convey and such property to a buyer and in the
97 event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a
98 reasonable price, to lease such property to a tenant;

99 (h) invest any funds held in reserves or sinking funds, or any funds not required for
100 immediate disbursement, in such investments as may be lawful for fiduciaries in the
101 Commonwealth;

102 (i) employ an executive director, who shall be the chief executive officer of the
103 authority, and such other agents, employees, professional and business advisors as may from
104 time to time be necessary in the judgment of the board of directors and to fix their compensation.
105 The executive director, professional advisers and business advisers shall not be subject to the
106 provision of chapter 31 or section 9A of chapter 30;

107 (j) appear in its own behalf before boards, commissions, department or other
108 agencies of government, municipal, state or federal;

109 (k) procure insurance against any loss in connection with its property in such
110 amounts, and from such insurer, as may be necessary or desirable;

111 (l) consent, subject to the provisions or any contract with note holders or
112 bondholders, whenever it deems it necessary or desirable in the fulfillment of the purposes of this
113 act, to the modification, with respect to rate of interest, time of payment of any installment of
114 principal or interest, or any other terms of any mortgage, mortgage loan, mortgage loan
115 commitment, contract or agreement of any kind to which the META is party;

116 (m) do any and all things necessary or convenient to carry out its purposes and
117 exercise the powers expressly given and granted in this act;

118 (n) receive and accept from federal or state agency grants, loans, or advances in aid of
119 the purposes of this chapter and to receive and accept contributions of either money, property,
120 labor, or other things of value, to be held, used and applied for said purposes;

121 (o) create, issue, buy and sell stock and other capital participation instruments; to hold
122 such stock in capital participation instrument and to underwrite the creation of a capital market
123 which provides first offer of resale to the community development agency, business or residents
124 of the target area which is designed to enhance development of capital ownership in the target
125 area;

126 (p) provide and pay for such advisory services and technical assistance as may be
127 necessary or desirable to carry out the purposes of this act;

128 (q) give assistance to local authorities, public bodies and sponsors through the
129 providing of information, guidelines and suggested forms of procedures for implementation of
130 their financing programs;

131 (r) establish and collect such fees and charges as the authority without appropriation
132 shall determine to be reasonable; and to receive and apply revenues from fees and charges for the
133 purposes of the authority or allotment by the commonwealth or any political subdivision thereof;

134 (s) develop targeted investments;

135 (t) market economically targeted investments to potential investors; and

136 (u) manage the META funds.

137 Section 4. There is hereby created and placed within the authority the META Fund
138 referred to in the chapter as the Fund. The Fund’s purpose is to collect investment capital and
139 invest in exclusively in economically targeted investments.

140 (a) The fund shall allow retirement systems, corporations or sponsors to participate in
141 the fund. The agency shall invest and reinvest any income in the fund only as follows:

142 (1) For defraying the ordinary and necessary expenses of administration and
143 operation associated with the Fund.

144 (2) For investing funds not required for immediate disbursement in the purchase of
145 such securities as may be lawful investments for fiduciaries in the commonwealth.

146 (3) For the payment of binding obligations associated with such investments which
147 are secured by the fund as the same become payable.

148 (4) For the payment of principal or interest on investments secured by the fund or the
149 payment of any redemption premium required to be paid when such qualified investments are
150 redeemed prior to maturity; provided, however, that monies in the fund shall not be withdrawn at
151 any time in such an amount as would reduce the amount of the fund to less than the minimum
152 requirement thereof established by the Agency, except for the purpose of paying binding
153 obligations associated with investments which are secured by the fund as the investments
154 become payable.

155 (5) For affordable housing within and outside the commonwealth and especially
156 affordable housing for active and retired public employees and their families.

157 (b) The authority shall credit assets and earnings to individual investors. Investors
158 may include, but are not limited to Massachusetts employee retirement systems, governmental
159 entities and private investors.

160 (c) Withdrawal of assets from the Fund may occur when the investor gives the
161 Agency 60 days' notice.

162 Section 5. Investment in an economically targeted investment shall not constitute a
163 breach of fiduciary duty.