

Andris Silins, Chairman
Michael Fitzmaurice, Elected Member
Antonio Torres, Elected Member

Ping Yin Chai, Appointed Member
Paul T. Hynes, Appointed Member
Joseph M. Petty, Executive Secretary

**MASSACHUSETTS HOUSING FINANCE AGENCY
EMPLOYEES' RETIREMENT BOARD
ONE BEACON STREET
BOSTON, MA 02108
(617) 854-1871, 1123**

Minutes of the Regular Meeting of Members
February 12, 2019.

The regular meeting of the Massachusetts Housing Finance Agency Employees' Retirement Board was held at the offices of the Massachusetts Housing Finance Agency, One Beacon Street, Boston, Massachusetts at 1:15 pm.

Present were:

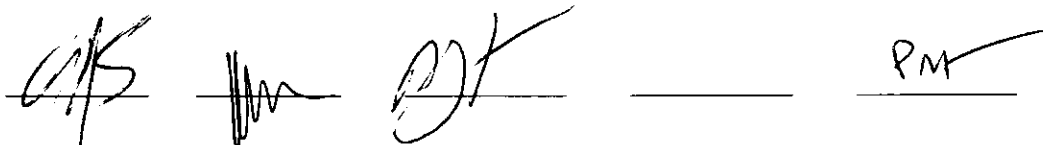
Andris Silins, Board Chairman
Ping Yin Chai, Appointed Member
Michael Fitzmaurice, Elected Member
Paul T. Hynes, Appointed Member (via phone)
Antonio Torres, Elected Member

Others present:

Joseph M. Petty, Executive Secretary
Michelle Shinnick, Retirement Analyst
Dan Dynan, Meketa Investments
Thomas Dunleavy, Meketa Investments

Andris Silins brought the meeting to order and determined that Paul Hynes could not be present at the Board meeting and that the votes would be by roll call.

Dan Dynan reviewed the system performance and noted that our System returned a -5.8% for the 4th quarter and a -3.0% for the trailing year. As of September 31st, the System's market value was \$146.5 million, a decrease of \$10.4 million from the previous quarter. The decrease was due to investment losses, mostly from an extremely tough October and December for equities. Mr. Dynan noted that equities were down 14.6% while international developed equities were down 13.5% and emerging market equities down 9.1%. Fixed income returns were flat to negative with the exception of investment grade bonds, up 1.2%.

Handwritten signatures of Andris Silins, Michael Fitzmaurice, Antonio Torres, and Paul T. Hynes, each followed by a horizontal line.

TIPS fell .4%, while High Yield bonds and Emerging Market debt had modest losses of 4.5% and 1.3%, respectively. Real Estate performance was moderately positive, up 2% during the quarter while natural resources fell by 12.6%. All asset classes were within their respective target asset allocation range. Mr. Dynan reviewed why it is important to diversify; markets are difficult to predict over the short term. It is important to remain focused on a longer-time horizon. Some of the most volatile asset classes in the short-term are the ones that are priced to product the highest returns in the long run.

Dan Dynan reviewed, for the Board, the respondents for the High Yield RFP. He first gave an overview on how extensive the process is when selecting prospective active managers. The extensive due diligence performed by Meketa evaluates the following areas: organization, investment team, investment philosophy, investment process, investment performance and management fees. Finally, they ensure that the fund manager meets the guidelines of the investment policy.

As of December 31, 2018, the Retirement System had \$7.6 million or 5.2% of the total System invested in High Yield Bond assets, which is managed by Columbia Threadneedle. Meketa had recommended in June, 2018 to issue an RFP to assess Columbia because of internal changes at the firm. Meketa conducted the search, and received 20 respondents, with 7 respondents ranked as Highly Advantageous. The Board reviewed the 20 firms, focusing on the Highly Advantageous managers. After discussion, the Board conclude that they would interview Eaton Vance Management, Loomis, Sayles & Company and Lord Abbett & Co.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To interview the following fund managers for High Yield Bond: Eaton Vance Management, Loomis, Sayles & Company and Lord Abbett & Co. (5-0 roll call).

UPON MOTION DULY MADE AND SECONDED, it was voted:

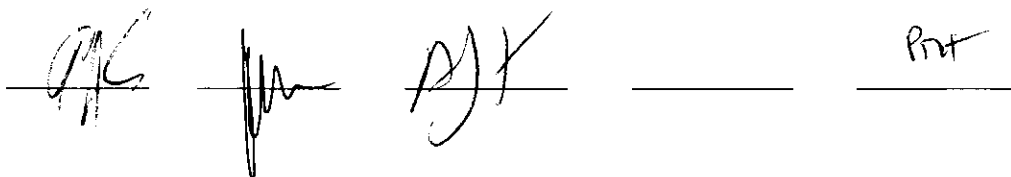
To approve the minutes of the February 12, 2019 meeting. (5-0 roll call).

The bank reconciliations, budget and trial balance were reviewed. Andris Silins inquired whether there were any transactions out of the ordinary. Joseph Petty noted that there were no transactions out of the ordinary, however, we did have one refund request from Michael Natale and two retirements Charlotte O'Hearn and Whitney Cooper.

UPON MOTION DULY MADE AND SECONDED, it was voted:

The retirements, refunds and transfer on the attached list were reviewed and approved along with the retirement payroll and vouchers 2019008-2019025 (roll call 5-0).

The Board reviewed and discussed the four respondents to the investment consultant search. The respondents were Dahab Associates, Fiduciary Investment Advisors, Meketa Investment Group and PFM. The Board discussed each respondent's organization, if they had any conflict of interests, staff levels, their asset allocation modeling and portfolio structure, their manager selection process and the performance measurement and evaluation. Lastly, the fee structure was reviewed. It was proposed to interview three out of the four respondents; Dahab Associates, Fiduciary Investment Advisors and Meketa Investment Group.

The image shows four handwritten signatures, each positioned above a horizontal line. From left to right, the signatures are: a stylized 'AC', a signature that appears to be 'Meketa', a signature that appears to be 'PFM', and a signature that appears to be 'Dahab'.

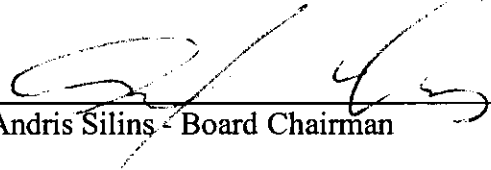
UPON MOTION DULY MADE AND SECONDED, it was voted:

To interview the following investment consultants: Dahab Associates, Fiduciary Investment Advisors and Meketa Investment Group. (roll call 5-0).

Joseph Petty informed the Board that the annual vendor disclosures process is ongoing and that their Statement of Financial Interest is due by May 1st. Joseph Petty reviewed the NCPERS Legislative Conference. He also reviewed board member training and PERAC memos 1 - 11.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To adjourn the meeting at 1:50 p.m, (roll call 5-0)

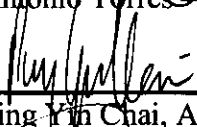


Andris Silins - Board Chairman

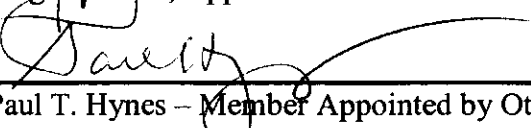
Michael Fitzmaurice – Elected Member



Antonio Torres – Elected Member



Ping Yin Chai, Appointed Member



Paul T. Hynes – Member Appointed by Other Members

**Massachusetts Housing Finance Agency
Employees' Retirement Board
One Beacon Street Boston, MA 02108**

**Andris Silins, Chairman
Paul T. Hynes, Appointed Member
Antonio Torres, Elected Member**

**Michael Fitzmaurice, Elected Member
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Listing of Check and Vouchers for the meeting March 12, 2019

<u>Name</u>	<u>Voucher #</u>	<u>Amount</u>	<u>Comment</u>
Paul T. Hynes	2019026	\$ 250.00	Stipend
Andris Silins	2019027	\$ 250.00	Stipend
Michael Fitzmaurice	2019028	\$ 250.00	Stipend
Antonio Torres	2019029	\$ 250.00	Stipend
Ping Yin Chai	2019030	\$ 250.00	Stipend
Law Offices of M.Sacco	2019031	\$ 530.00	Legal
Joseph Petty/Education	2019032	\$ 149.64	Education Fred Pryor Fin Seminar
Michelle Shinnick	2019033	\$ 908.64	Education F Pryor/NCPERS
NCPERS	2019034	\$ 1,630.00	Fitzmaurice, Shinnick ACE
Sam LaGrassa's	2019035	\$ 75.44	RFP meeting

<u>Fees paid via Non-managed account</u>	<u>Amount</u>	<u>Comment</u>
Meketa Investments	\$ 6,875.00	February 19 Consulting Fee
SSgA S&P Global	\$ 1,193.87	4 th Qtr 18 Fees

<u>Retirements</u>	<u>Monthly Amount</u>	<u>Date of Retirement</u>
February Pension Payroll	\$ 638,584.33	
PAI Services	\$ 1,839.24	
Transfer to Payroll Account	\$ 670,000.00	
Charlotte O'Hearn	\$ 7,037.57	03/02/19
Roberta M. Kelley-McCarrick	\$ 1,421.73	03/09/19

<u>Refund</u>	<u>Amount</u>	<u>Date Paid</u>
Pavan Neeli	\$20,898.85	03/31/2019

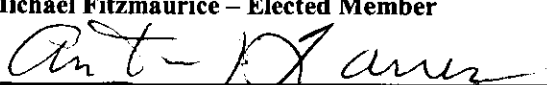


Andris Silins - Board Chairman

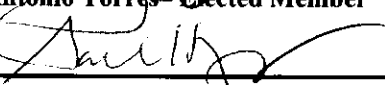


Ping Yin Chai - Appointed Member

Michael Fitzmaurice - Elected Member



Antonio Torres - Elected Member



Paul T. Hynes - Member Appointed by Other Members

Joseph Petty - Executive Secretary