

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
January 8, 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 12:00 pm.

Present were:

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

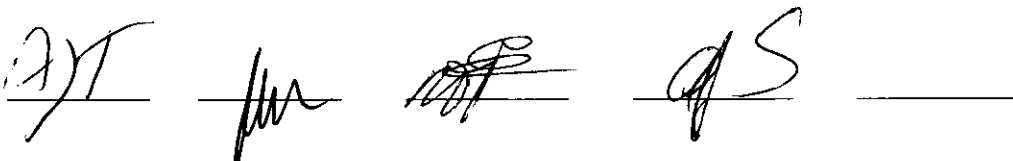
Others present:

Joseph M. Petty, Executive Secretary
Michelle Shinnick, Retirement Analyst
Dan Dynan, Meketa Investments
Stephen MacLellan, Meketa Investments
Christopher Walker-HarbourVest Partners
W. Fran Peters, HarbourVest Partners
Daniel M. Cahill, Constitution Capital Partners
John J. Guinee, Constitution Capital Partners
Peter G. Melanson, Constitution Capital Partners

Absent were:

Andris Silins, Board Chairman.

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

The image shows four handwritten signatures in black ink, each placed above a horizontal line. From left to right, the signatures are: 1) A stylized signature that appears to be 'PH' (Paul T. Hynes). 2) A signature that appears to be 'MF' (Michael Fitzmaurice). 3) A signature that appears to be 'AT' (Antonio Torres). 4) A signature that appears to be 'PYC' (Ping Yin Chai).

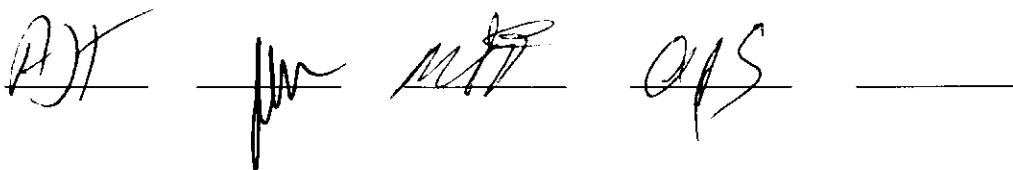
Dan Dynan first gave an overview of market conditions and performance. He stated that recent market volatility has reminded us that when markets are priced for perfection, it does not take much to tip the scales. It's difficult to determine what caused a pullback in the market. The media has largely reported that the decline was driven by investors coming to terms with rising rates, but this is difficult to say for sure. Other factors include normalization of interest rates, slowing global growth and increased trade tensions. He noted that all eyes will be on the markets over the next several months, to see whether this is the beginning of a sustained drawdown, or simply a short correction. After reviewing the markets, Dan Dynan recommended to maintain a diversified allocation, rebalance the portfolio as appropriate and maintain a long-term time horizon.

The first item of business was to interview finalist candidates for private equity fund of funds manager for the retirement system: Constitution Capital and HarbourVest. Dan Dynan gave a background of our private equity allocation. It has a 10% target allocation and as of 9/30/2018 private equity comprised approximately 9.8% of the retirement system's assets. Our first private equity commitment was made in late 2003 and since inception, private equity has returned 5.3%, per year. Both Constitution Capital Partners and HarbourVest Partners were identified as strong candidates for this search.

Dan Dynan reviewed the firm of Constitution Capital Partners, past fund commitments and the Ironsides V funds. He also noted that the term of the agreement was the later of 10 years and one year after the date by which all assets of the fund have been liquidated. The management fee is .25% on net invested capital assuming a 50/50 allocation to the partnership fund and the direct fund. The preferred return is 8% and carried interest is 15% on co-investments and 5% on primaries. He noted that the Partnership Sleeve will continue with the formula from earlier CCP Funds, targeting funds with a range from \$150 million to \$2.5 billion in total commitment size; primarily located in North American middle-markets buy outs. It is anticipated to make commitments to 12-14 underlying partnerships and seeks to build a portfolio diversified across vintage year. The direct investment fund will invest in total of 12-14 high conviction co-investments that will range in check size from \$5 million to \$25 million. This fund will offer a more concentrated exposure in companies that CCP believes can generate strong returns.

Dan Dynan then reviewed the firm of HarbourVest Partners, the past commitments and HarbourVest Partners Fund XI. The commitment to the fund is a 14-year term with extensions at the option of the GP and with approval of majority interest of its LP. The management fee is .75% effective management fee for the life of the fund. The management fee is charged on committed capital, there is not a preferred return and the carried interest is 10% on secondaries and co-investments and 0% on primaries. Fund XI is the master fund of three separate funds: a buyout focused fund of the funds vehicle targeting \$1 billion in assets; a second buyout fund of funds vehicle focused on emerging/micro fund vehicles targeting \$300 million in assets; and a venture focused fund of funds vehicle targeting \$700 million in assets. The buyout fund will represent 60% of the overall Fund XI, micro sleeve 10%, and venture sleeve will represent 30% of the overall Fund.

The Board interviewed both fund managers and allowed each firm to make presentations. The Board noted that CCP team has been working together for a long period and is stable with no turnover; strong track record and the management structure is similar to Fund IV and very attractive.



Questions were asked about the 15% carried interest on co-investments noting that this fee is higher than other fund managers but noted it was similar to past CCP funds which are performing well. The Board also noted the HarbourVest also has a strong track record, large resources and long operating history.

After the Board members deliberated, they determined that they would like to invest in both funds, which would consist of a \$5 million investment in each fund.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To approve both HarbourVest Partners XI and Constitution Capital Partners Ironsides V(partnership and direct funds) as our Private Equity Fund Managers with an investment of \$5 million each and to authorize the Executive Secretary to execute all appropriate contracts and documents to implement this selection, (4-0 roll call).

UPON MOTION DULY MADE AND SECONDED, it was voted:

To approve the minutes of the December 11, 2018 meeting. (4-0 roll call).

The bank reconciliations, budget and trial balance were reviewed. Paul Hynes 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 on refund request from Monte Sandford which would be effective for 1/31/2019 if the interest rate was approved by the State, otherwise it would be processed at the end of February.

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 2019001-2019007 (roll call 4-0).

The meetings in December 2018 with the following fund companies were discussed. AEW, LMCG, IFM, LOGAN CIRCLE AND ABERDEEN, COLUMBIA, LONGFELLOW, GOLDMAN SACHS AND SSGA.

Joseph Petty also discussed NCPERS Teds and Annual meeting, May 18 & 19; May 19-May 22, 2019, Austin, Texas. The cost of the conference is \$815.00/per person, TEDS is \$460/person, Advanced Trustee Studies is \$460/person, Accredited Fiduciary Program is \$815/person; hotel room is \$267 per night plus airfare.

UPON MOTION DULY MADE AND SECONDED, it was voted:

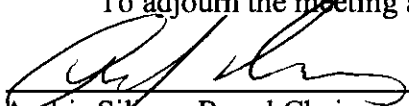
To allow any Board and staff members to attend NCPERS Annual Conference consistent with our Travel Policy, (roll call 4-0).

Joseph Petty informed the Board that the annual vendor disclosures process will begin in January. He also reviewed board member training and PERAC memo 34.

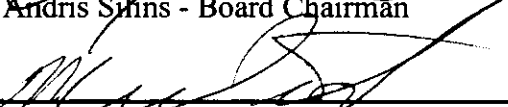
The image shows four handwritten signatures in black ink, each written over a horizontal line. From left to right, the signatures are: 1) 'AJT', 2) a stylized signature that appears to be 'M', 3) a signature that appears to be 'MT', and 4) a signature that appears to be 'AS'. There is a fifth horizontal line to the right of the fourth signature, but it is not signed.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To adjourn the meeting at 1:50 p.m, (roll call 4-0)



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
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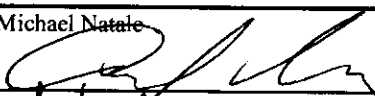
Listing of Check and Vouchers for the meeting February 12, 2019


<u>Name</u>	<u>Voucher #</u>	<u>Amount</u>	<u>Comment</u>
Paul T. Hynes	2019008	\$ 250.00	Stipend
Andris Silins	2019009	\$ 250.00	Stipend
Michael Fitzmaurice	2019010	\$ 250.00	Stipend
Antonio Torres	2019011	\$ 250.00	Stipend
Ping Yin Chai	2019012	\$ 250.00	Stipend
Law Offices of M.Sacco	2019013	\$ 1,554.00	Legal
NCPERS	2019014	\$ 500.00	Petty/Conference
Sam LaGrassa's	2019015	\$ 119.14	Lunch/Interviews RFP
Middlesex Retirement	2019016	\$ 279.20	38C PHubbard
Brookline Retirement	2019017	\$ 7,338.76	38C MJacobs
Plymouth Retirement	2019018	\$72,533.11	38C WFarmer 16,17&18
MACRS	2019019	\$ 600.00	2019 Dues
Malden Retirement	2019020	\$ 4,058.56	38C DFalcione
Chelsea Retirement	2019021	\$ 506.72	38C BSalisbury
Barnstable Retirement	2019022	\$ 6,315.42	38C LBarry, OKahn
PTG	2019023	\$18,700.00	Yearly Fee
Joseph Petty	2019024	\$ 691.14	NCPERS/Travel Reimbursement
Amity Insurance Agency	2019025	\$ 2,411.00	Annual Policy Renew

<u>Fees paid via Non-managed account</u>	<u>Amount</u>	<u>Comment</u>
Meketa Investments	\$ 6,875.00	January 19 Consulting Fee
Longfellow Investments	\$16,039.00	4 th Q. Investment Fee
State Street Bank	\$ 4,977.55	November 18 Fee
State Street Bank	\$ 4,652.31	December 18 Fee
SSgA Russell 1000 Value	\$ 3,087.71	4 Qtr. Fees
SSgA MSCI Eafe Small Cap	\$ 3,072.33	4 Qtr. Fees
SSgA Russell 1000 Growth	\$ 3,303.38	4 Qtr. Fees
SSgA Tips	\$ 1,604.26	4 Qtr. Fees
SSgA MSCI EAFE	\$ 3,144.63	4 Qtr. Fees
SSgA Russell 2000	\$ 787.70	4 Qtr. Fees


<u>Retirements</u>	<u>Monthly Amount</u>	<u>Date of Retirement</u>
January Pension Payroll	\$ 656,824.97	
PAI Services	\$ 867.25	
Transfer to Payroll Account	\$ 650,000.00	
Charlotte O'Hearn	\$ 2,713.92	1/5/19
Whitney Cooper	\$ 1,716.59	12/23/18

<u>Refund</u>	<u>Amount</u>	<u>Date Paid</u>
Michael Natale	11,021.73 (adjusted for interest)	2/28/2019

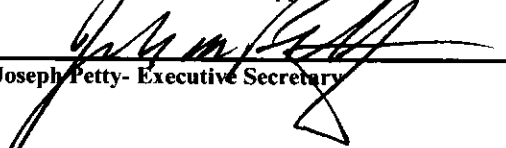

Andris Silins - Board Chairman


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