

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
August 8, 2017

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 1:00 pm.

Present were:

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

Others present:

Joseph M. Petty, Executive Secretary
Michelle Shinnick, Retirement Analyst
Dan Dynan, Meketa Investments
Craig Merry, MassHousing
Paul Hagerty, MassHousing Auditor

UPON MOTION DULY MADE AND SECONDED, it was voted:

To approve the minutes of the July 11, 2017 meetings (5-0).

The bank reconciliations and trial balance were reviewed. Mr. 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 two refunds, Hjunju J. Kang and Megan Kirkwood.

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 2017070-2017076, (5-0).



Four handwritten signatures in blue ink are shown above horizontal lines. From left to right, they appear to be: Andris Silins, Ping Yin Chai, Paul T. Hynes, and Joseph M. Petty.

Dan Dynan reviewed the system performance and noted that our System returned 2.2% net of fees for the second quarter, 6.7% y/t/d and 11.2% during the trailing year; thru July the System had a 9% return. As of June 30th the System's market value was \$134.5 million. Most asset class performance was positive during the quarter except for natural resources equities and TIPS. International developed and emerging market public equities were up during the quarter by 6.8% and 4.6% respectively. Fixed income returns were generally positive during the quarter, ranging from a gain of 2.6% for emerging market debt to -.4% for U.S. TIPS. Real asset returns were mixed for the quarter. Natural resources fell 9.1% for the quarter and -1.1% year to date. Real estate asset were up 1.5% during the quarter and 3.8% year to date. Our asset classes were within their respective target asset allocation ranges. Mr. Chai asked to include in the quarterly updates our peers' investment returns, if available.

It was also noted that Longfellow Investment Management receive PERAC approval and the transition date of August 16, 2017.

Joseph Petty and Dan Dynan reviewed the Fund Manager selection for the Infrastructure Investment.

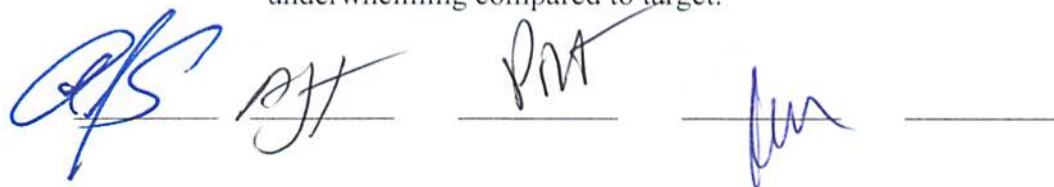
FACTS:

1. IFM Global Infrastructure Fund

- Rated: Highly Advantageous.
- Manages in two Infrastructure strategies of \$24 billion (Global has \$11.4b) of the firms' \$54.5 billion AUM. Located in Melbourne, Australia and owned by 30 Australian Pension Funds.
- The Infrastructure Team comprises of 60 investment professionals which are based in New York, Melbourne, London and Berlin. Very experienced stable team, although three investment directors have left in the last five years. Solid track record.
- Invests in brownfield, core infrastructure assets in North America, the United Kingdom, and Europe. The Fund targets essential assets with defensive characteristics across a diverse range of asset-types, including: electricity generation, transmission, and airports, seaports); communications; and other infrastructure sub-sectors.
- Performance: The Fund's target net IRR is 10%, calculated over a three-year rolling period, of which 6% to 8% is expected to come in the form of cash yield. Gross IRR for open-ended fund is 8.7% since 2004, 7.1% net IRR.
- Fees: .77 pa of the LP's share of NAV for first \$300 million. Carried interest is 10% on returns above the preferred return of 8%, with a 33/67 catch-up. 50% of IFM's performance fee is held back each year to cover future potential underperformance.

2. J.P. Morgan Infrastructure Investments Fund

- Rated: Highly Advantageous.
- Manages a range of investments. This strategy has \$6.1 billion of the firms' \$1.8 Trillion AUM. The firm is headquartered in New York, the Global Real Assets Division covers products across Infrastructure and Real Estate. The Infrastructure Investment Group has 3 infrastructure offerings that include OECE infrastructure, Asian infrastructure, and infrastructure debt, which are each managed by a separate dedicated team. Track record is underwhelming compared to target.



The infrastructure team comprises 21 investment professionals located across New York and London. Eight senior investment professionals have left the firm in the last three years.

- Philosophy: Invests in a broad range of infrastructure and infrastructure-related assets located primarily in the US, Canada, Western Europe and Australia. The Fund focuses on core and core-plus infrastructure assets.
- Performance: Gross IRR for open-ended fund is 3.6% since 2007, 2.2% net IRR Returns below core and core-plus strategy target.
- Fees: First \$100 million: 1.00% on aggregate commitments until fully drawn, then on NAV. Carried Interest is 15% and a preferred return of 7%.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To have the Board approve up to a seven-year agreement with IFM Global Infrastructure Fund as our Infrastructure Fund manager and to authorize the Executive Secretary to execute all appropriate contracts and documents to implement this selection (5-0).

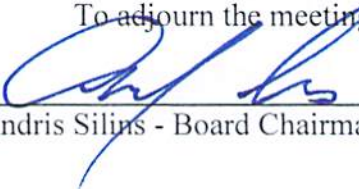
Andris Silins held the asset allocation vote until a recommendation was received by the investment committee.

Joseph Petty reviewed his meeting with Intercontinental and HarbourVest and reminded the Board members of the Emerging Issues Forum at the College of the Holy Cross.

Joseph Petty reviewed Board Member training and PERAC memos 22, 23, 24, 25 and 26.

UPON MOTION DULY MADE AND SECONDED, it was voted:

To adjourn the meeting at 1:50 p.m, (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