

UNIVERSITY OF MAINE SYSTEM  
Board of Trustees

**Investment Committee**

January 14, 2019  
Conference Call

**Present: Committee Members:** Kelly Martin, Chair, James Donnelly, James Erwin, and Karl Turner. **Non-Voting, Non Trustee Committee Members:** Erik Hayward. **Staff:** Tracy Elliott and Ellen Doughty.

**Absent: Committee Members:** Mark Gardner. **Non-voting, Non-Trustee Committee Members:** Robert Blackwood and Peter Handy.

Trustee Martin, Chair, called the meeting to order and welcomed everyone.

**Private Equity Discussion & Asset Allocation Recommendation - MIP.**

At the December 20, 2018 Investment Committee meeting New England Pension Consultants (NEPC) provided education and information on Private Equity. NEPC presented two asset allocation mixes – one with Private Equity and one without. The mix with Private Equity proposed a total 15% allocation to private markets (Private Equity and Private Real Estate). No action was taken at the December 20<sup>th</sup> meeting as the Committee opted for further discussion at a future meeting.

At the January 14<sup>th</sup> meeting, the Committee reviewed additional Private Equity information and raised several points of concern:

- The Managed Investment Pool (MIP) includes funds owned by third party investors which are not invested in perpetuity. These participants include the UMS Other Post Employment Benefits (OPEB) Trust, the Maine Maritime Academy's participation in the Fund since January 2009, and the UM School of Law Foundation's participation in the Fund since July 2012. These third party holdings made up approximately half of the portfolio at June 30, 2018.
- Illiquidity is a consideration given that this asset class requires a ten-year commitment.
- A 15% allocation seems aggressive.

As a result, the Committee members decided to recommend no increase in the Private Equity allocation for the Managed Investment Pool but rather allow the two current private market investments (Landmark Equity Partners and the John Hancock Timber Fund) to continue in the portfolio until those investments wind down or until other due diligence action is appropriate. As an alternative, UMS will ask NEPC to look into other opportunities that might exist like reviewing areas where managers are lagging the benchmark. This should help inform NEPC's annual asset allocation mix recommendation which is planned for the next Investment Committee meeting.

The Committee's recommendation regarding Private Equity will be presented at the January 27-28, 2019 Board of Trustees meeting for approval.

Adjournment

Tracy Elliott for  
Ellen N. Doughty, Clerk