

FINAL

MASSACHUSETTS REINSURANCE PLAN
GOVERNING & INVESTMENT COMMITTEE MEETING

Minutes of a Meeting Friday November 13, 2020 @ 9:00AM

A Meeting of the Governing and Investment Committees of the Massachusetts Reinsurance Plan (“MRP”; the Plan) was held *remotely* at the Executive offices of the Massachusetts Reinsurance Plan, 106 Southville Road, Southborough, MA 01772 @ 9:00AM.

The following members were all participating:

William T. McGrail, Chairman (*in person*)
Renee M. Jones, Esq., Member (*Zoom*)
Jose Zorola, Treasurer (*Zoom*)
Margaret Bronneck, Esq., Secretary (*Zoom*)
Peter Robertson, Esq., Vice Chairman (*zoom*)

The following MRP Staff/Consultants/Sub-Committee members participated:

Eric Piurkowski, CFO, CPA (*Zoom*)
Robin M. Ward, Director of Administration (*in person*)
James R. Bacon, Investment Committee Chairman (*Zoom*)
Matthew Mancini, Esq., Division of Insurance (*Zoom*)
John Tympanick, Investment Committee (*conference call*)
Peter Kiely, Investment Committee (*Zoom*)
Richard Brewer, Investment Committee (*Zoom*)
Steve Nestico, Crowe (*Zoom*)
William Pomponi, Crowe (*Zoom*)
Catherine Powers, Prime Buchholz (*Zoom*)
Brian Matthews, Prime Buchholz (*Zoom*)

1. Call to Order

Mr. McGrail called the meeting to order at 9:00AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notice

Mr. McGrail stated that all Committee members were participating remotely, and COVID-19 protocols and requirements were followed. A quorum was present due to the new participation in person rules. Mr. McGrail reported that the required notices for the meeting had been sent to the Secretary of State, Executive Office of the Administration and Finance, and the Division of Insurance and placed on the Plan's website. Mr. McGrail also stated that this would be a roll call meeting.

3. Minutes of Prior Meetings August 12, 2020

Mr. McGrail noted the minutes from the previous Governing Committee meeting held on August 12, 2020 had been distributed to all participating remotely. A copy of which is included within these minutes. Mr. Zorola made a *motion* to accept the minutes as presented and duly seconded by Ms. Jones. The motion passed unanimously

Roll call vote:

Mr. Zorola – yes

Mr. Robertson – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail – yes

A copy of the minutes from the August 12, 2020 Investment Committee meeting had been distributed to all Investment Committee members participating remotely; a copy of which is included within these minutes.

A *motion* was made by Mr. Zorola and seconded by Mr. Brewer to approve the minutes as presented, it passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Mr. Tympanick – yes

Ms. Jones – yes

Mr. Zorola – yes

Mr. Brewer – yes

4. Review of Audit Plan - Crowe

Mr. Pomponi and Mr. Nestico joined the meeting via Zoom, a copy of their 2020 Audit Plan has been distributed to members and a copy of which is include within these minutes. Mr. Pomponi began by reviewing the agenda for the audit plan, he reviewed the service team, services provided, engagement management and timeline, audit plan and approach. Mr. Pomponi stated that fees will be the same as last year.

Mr. Nestico reviewed areas of audit emphasis, which they look at cash and invested assets, he also reviewed the accounting and auditing developments. He continued reviewing the audit plan and answering questions from Governing Committee members.

Ms. Bronneck asked if in the IT element of the audit; are information privacy standards considered. Mr. Pomponi stated that they do not perform a full IT Audit, there are controls in place that we will walk through during the audit; access to servers, passwords are changed on a certain basis. He stated that during the audit if a situation arose that they felt controls were not in place they would address it. Mr. Pomponi stated that this year at the presentation of the audit he can add what controls they identified and discuss at the presentation. It was agreed by committee members for Crowe to contain their findings, if any, in their final audit report.

There being no further questions a ***motion*** was made by Mr. Robertson to approve the 2020 Audit Plan as presented; Mr. Zorola seconded the motion; it passed unanimously.

Roll Call Vote:

Mr. Zorola – yes

Ms. Jones – yes

Mr. Robertson – yes

Ms. Bronneck – yes

Mr. McGrail - yes

5. Quarter 3– 2020 Financials – Eric Piurkowski, CPA CFO

Mr. Piurkowski began discussing the balance sheet portion of his financials through 9/30/2020, a copy had been distributed to all participating remotely; and a copy is included within these minutes. Mr. Piurkowski stated that as of 9/30/2020 we had \$1.5M in Clinton Savings bank and \$182K in cash equivalents, due to a timing delay in purchasing bonds. He continued by stating that there is \$11M in bonds and \$6M in

equities. Mr. Piurkowski continued stating that the premium receivable which Mr. Piurkowski noted happens every other quarter is \$731K, which is a timing delay in payment received from Coverys. Mr. Piurkowski also stated that the total assets are \$20M. He then reviewed the profit loss portion of his financials and answered questions from Board Members. Ms. Jones asked about budgeting, is there any changes that were unexpected and how do you handle that. Mr. Piurkowski stated that we will be preparing the budget in December and present to the Board at February's meeting.

A *motion* was made by Mr. Robertson to accept the unaudited financials as presented; Mr. Zorola seconded the motion. It passed unanimously.

Roll Call Vote:

Mr. Robertson – yes

Mr. Zorola – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail – yes

Mr. McGrail noted that all have a copy of the Policies in Force report; Summary of Ceded Premium report and the Summary of Ceded Policies Written report through 09/30/2020. A copy is included within these minutes.

6. Prime Buchholz – Market & Portfolio update

Mr. Bacon began by giving a history on Prime Buchholz to all attendees.

Mr. Matthews began by discussing his handout, which all attendees have received electronically; a copy of which is included within these minutes. He discussed the market environment for the third quarter stating that the equity markets appreciated in the third quarter, despite modest weakness in September amid concerns with rising COVID-19 cases and delayed fiscal stimulus.

Ms. Powers began discussing the performance on the equity side of the portfolio. She continued reviewing the flexible capital stating that both positions (FPA Crescent Fund) & (Lommis) are recovering well. She discussed real assets, noting that it was down (2.6%) and most of that was coming from MLP exposure. Ms. Powers continued by discussing fixed income. Mr. Brewer asked about the purpose of flexible capital's position, Ms. Power stated that it is relatively small position she feels it has a purpose particularly the way Prime has constructed it, it has a split exposure to bonds and long/short equities which was done intentionally to balance out the risk. She stated the role is intended to sit between stocks and bonds and provide some beneficial return relative to fixed income. Ms. Powers continued reviewing the portfolio noting that it is reasonably balanced in terms of style and a small tilt towards value. A discussion ensued on dividend yield, REITS and MLP's.

A motion was made by Mr. Zorola and seconded by Mr. Tympanick to accept the Investment report as presented. It passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Ms. Jones – yes

Mr. Brewer – yes

Mr. Zorola – yes

Mr. Tympanick – yes

A *motion* was made by Mr. Zorola and seconded by Ms. Jones to accept the Investment report by the Governing Committee as presented, it passed unanimously.

Role Call Vote:

Mr. McGrail – yes

Mr. Zorola – yes

Ms. Bronneck – yes

Ms. Jones – yes

Mr. Robertson - yes

7. Other Business

Mr. McGrail noted that the 2021 schedule of Governing Meetings had been distributed; a copy of which is included within these minutes.

8. Public Comment

There being no public comment.

9. Adjournment

Mr. Zorola made a *motion* to adjourn the Governing & Investment Committee meetings at 10:55AM, Mr. Robertson seconded the motion; it passed unanimously.

Role call vote:

Ms. Jones – yes

Mr. Robertson – yes

Ms. Bronneck – yes

Ms. Zorola – yes

Mr. McGrail – yes

Mr. Bacon – yes

Mr. Tympanick – yes

Mr. Brewer - yes

A true record transcribed on December 4, 2020



MRP Chairman/Officer