

MASSACHUSETTS REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting

Friday February 11, 2022

A Meeting of the Investment Committee of the Massachusetts Reinsurance Plan (“MRP”; the “Plan”) was held remotely at 106 Southville Road, Southborough, MA 01772 @ 9:00AM

The following committee members participated remotely:

James R. Bacon, Chairman (*Zoom*)
Richard W. Brewer, Secretary (*Zoom*)
John W. Tympanick, Member (*Zoom*)
Joe R. Zorola, Vice Chairman (*Zoom*)

The following MRP Staff/Consultants participated:

William T. McGrail, Chairman (*In Person*)
Robin M. Ward, Director of Administration (*In Person*)
Eric Piurkowski, CFO, CPA (*In Person*)
Brian Matthews, Consultant, Prime Buchholz (*Zoom*)
Catherine Powers, Consultant, Prime Buchholz (*Zoom*)
Peter Kiely, Chairman Emeritus, MRP Investment Committee (*Zoom*)
Matthew Mancini, Esq., DOI (*Zoom*)

1. Call to Order

The meeting was called to order by Chairman Bacon at 9:00AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notices

Mr. Bacon stated that all members were participating remotely, and a quorum was met. This would be a roll call vote meeting.

Mr. Bacon noted 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 MRP's website.

3. Approval of minutes from November 10, 2021 Investment Committee meeting

A *motion* was made by Mr. Brewer to approve the minutes from the August 11, 2021 meeting as presented, Mr. Tympanick seconded the motion; it passed with three votes.

Roll call vote:

Mr. Bacon – yes

Mr. Brewer – yes

Mr. Tympanick – yes

Mr. Zorola- (abstained)

4. Financial Status of the Plan – Eric Piurkowski, CFO CPA

Mr. Piurkowski reviewed his Investment Portfolio Breakdown as of 12/31/2021; a copy of which is included within these minutes. He began by stating that there is \$3.1M in cash & cash equivalents. Mr. Piurkowski continued stating that fixed income is \$14.3M

or 63%; bonds \$11.1M and equities \$8.3M, total assets are \$22.6M. Mr. Piurkowski stated that case reserves are at \$5.3M with a surplus of \$8.9M.

5. Market & Portfolio – Prime Buchholz

Ms. Powers began reviewing their quarterly investment performance analysis; a copy of which is included within these minutes. Ms. Powers discussed the macro environment and January re-cap equity markets are down roughly 5% on the S&P 500, but down across the various segments little less so in International equities. She pointed out that geopolitical risks, Russia and Ukraine, an on-going story, noting that the key one is inflation, which is running at a much higher rate than the Fed anticipated. Ms. Powers stated that fixed income headwinds continue. Ms. Powers answered questions from Committee members.

Ms. Powers discussed the recommendation Prime made by reducing fixed income target to 62% and increase flexible capital target from 5% to 8% and expand the range to 0-15%.

A *motion* was made by Mr. Brewer to approve the recommendation by reducing the fixed income target to 62% and increase the flexible capital from 5% to 8% and expand the range to 0-15%, Mr. Zorola seconded the motion; it passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Mr. Brewer – yes

Mr. Zorola – yes

Mr. Tympanick – yes

Mr. Matthews began discussing the real assets segment. He stated that inflation has remained low in the trailing two decades. He discussed two options they recommend for

diversified exposure when building a public real asset sleeve the two options for implementation are:

Option #1

1. Vanguard Real Estate (U.S.) – existing REITS 33.33% allocation
2. SPDR S&P Global Infrastructure or FlexShares STOXX Global Broad Infrastructure Infrastructure/MLPS 33.33% allocation
3. Vanguard TIPS (short duration) TIPS 33.33%

Option #2 (which provides exposure across major real asset segments in one actively managed commingled fund)

1. Cohen & Steers Real Assets Fund

After discussion it was agreed to proceed with Option #2

A *motion* was made by Mr. Brewer to transfer from the Real Assets segment \$846,057 4.4%; IShares Global REIT ETF 3.2% & Alerian MLP ETF 1.2% and put into Cohen & Steers Preferred Securities & Income fund, Mr. Zorola seconded the motion; it passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Mr. Zorola – yes

Mr. Brewer – yes

Mr. Tympanick - yes

Mr. Piurkowski stated that raising cash in this environment do we want to do that and if we have some bonds maturing in the near term and raise some extra cash and leave that in cash to take advantage of any opportunities.

A *motion* was made by Mr. Tympanick to authorize Mr. Piurkowski to work with Prime and the bond manager to have the ability to select bonds as they mature to

remove from the bond portfolio up to \$1M for planning purposes over the next 6 months, Mr. Brewer seconded the motion; it passed unanimously.

Roll call vote:

Mr. Bacon – yes

Mr. Brewer – yes

Mr. Tympanick – yes

Mr. Zorola - yes

6. Other Business

There being no other business to come before the committee.

7. Public Comment

There being no public comment to come before the committee.

8. Adjournment

Mr. Brewer made a ***motion*** to adjourn the Investment Committee meeting @ 10:30AM, Mr. Tympanick seconded the motion; it passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Mr. Brewer – yes

Mr. Tympanick – yes

Mr. Zorola – yes

A true record transcribed by Robin Ward on February 15, 2022



MRP Investment Committee