

MASSACHUSETTS REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting

Friday February 12, 2021

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

The following committee members participated remotely:

James R. Bacon, Chairman (*Zoom*)
Renee M. Jones, Esq., Secretary (*Zoom*)
Richard W. Brewer, Member (*Zoom*)
John W. Tympanick, Member (*Zoom*)
Joe R. Zorola, Vice Chairman (*Zoom*)
Peter F. Kiely, Chairman Emeritus (*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*)
Matthew Mancini, Esq., DOI, (*Zoom, telephone*)

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 that 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 Plan's website.

3. Review & Approval of prior minutes, November 13, 2020 meeting

Prior minutes from meetings of November 13, 2020, had be distributed to all.

A *motion* was made by Mr. Zorola to approve the minutes, it was seconded by Ms. Jones, it passed unanimously.

Roll call vote:

Mr. Bacon – yes

Ms. Jones – yes

Mr. Brewer – yes

Mr. Zorola – yes

Mr. Tympanick – yes

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

Mr. Puirkowski distributed his Investment Portfolio Breakdown through 12/31/2020 to all; a copy of which is included within these minutes. He stated that as of 12/31/2020

there was \$2.4M in cash in Clinton Savings Bank, checking and savings accounts. He stated that the bond fund was at \$11M and that brings our total fixed income to 65.9% of the total assets in the investment portfolio and equities were \$7M which was 34.1% of the portfolio. Mr. Piurkowski stated that one of the things driving the higher cash is that we have had very low paid losses, noting that we have a \$9M surplus. He stated that we will have about \$1M to invest over the next three months. Mr. Piurkowski stated that now might not be the best time to invest noting interest rates and where the equity markets are, there may be a better time in the future.

5. Prime Buchholz – Market & Portfolio update.

Mr. Matthews began by stating that Prime Buchholz meeting materials through 01/28/2021 had been distributed to all; a copy of which is included within these minutes. Mr. Matthews reviewed the market through 2020 stating that it was a strong year for the stock market up 18.4%.

Ms. Powers started reviewing the portfolio stating that as of February 2021 the portfolio is up estimated 1.5% month to date. She continued reviewing the portfolio detail highlighting the dispersions in the market. Ms. Powers noted that there is some pretty big difference in the portfolio; Vanguard Large Cap Growth and Vanguard Large Cap Value funds up 13.8 verses 15.8. She continued reviewing the portfolio detail.

Mr. Matthews reviewed equities through Prime Buchholz's portal, showing how they use this portal to prepare for clients.

Ms. Powers discussed the flexible capital, real assets and fixed income portions of the portfolio, she stated that for 3 month and one-year period you see a really good performance. The FPA Crescent fund is up 17.6% for 3 months and 12.4% on the year.

Mr. Tympanick asked how we avoid pause if not down -ward trend when we think of valuations compared against Small Caps and Mid-Caps. Ms. Powers stated that the

balance of style and market cap in the portfolio is tilting towards Value, but not significant. A discussion ensued on Value, interest rates and small cap exposure. Mr. Matthews noted that the potential to have more cash come into the portfolio, potentially would be to have a high yield allocation within Fixed Income; currently at 65% target all through IR+M investment grade only with low yields. He stated that Prime Buchholz would not suggest moving a lot money into high yield, having a 3% or 5% position in high yield might give some additional yield advantage into the portfolio, but it is equity like risks. A discussion ensued on the high yield and the equity like risks. Ms. Jones stated that this was not on the meeting agenda and that she has some hesitation and she feels that the entire committee needs more information. Mr. Bacon asked that Prime Buchholz put together a write up on the rationale behind moving a portion of our position to high yield bonds with another manager and would discuss at the next meeting.

Roll Call Vote:

Mr. Brewer – yes

Ms. Jones – yes

Mr. Tympanick – yes

Mr. Bacon – yes

Mr. Zorola – yes

6. Other Business

The next Investment Committee meeting will be held remotely on Thursday May 6, 2021 10AM.

7. Public Comment

There being no public comment to come before the committee.

8. Adjournment

Mr. Zorola made a motion to adjourn the meeting, Ms. Jones seconded the motion; it passed unanimously.

Roll call vote:

Mr. Bacon – yes

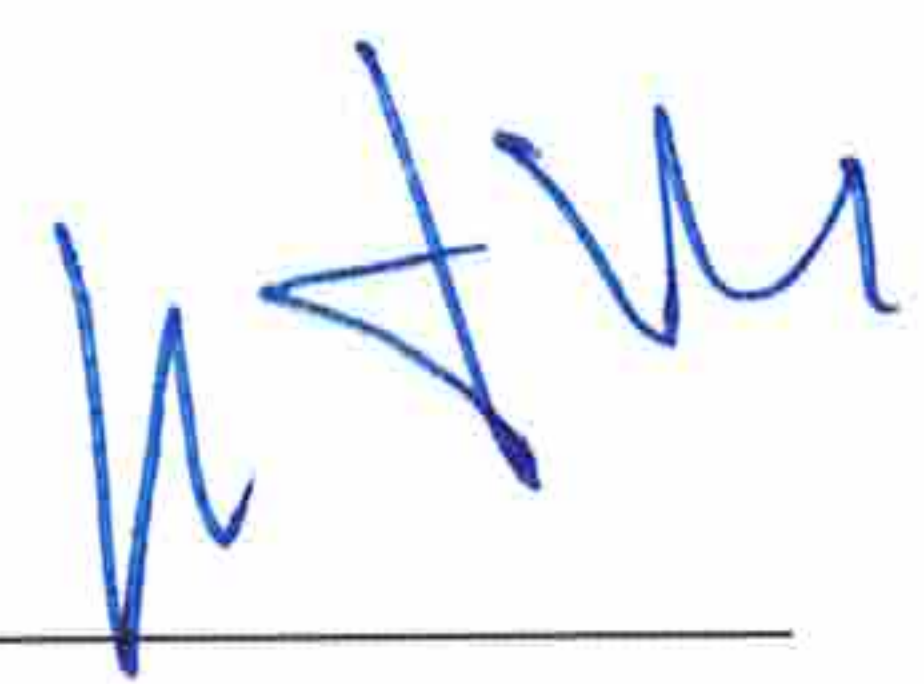
Ms. Jones – yes

Mr. Zorola – yes

Mr. Tympanick – yes

Mr. Brewer – yes

A true record transcribed by Robin Ward on March 8, 2020

A handwritten signature in blue ink, appearing to be 'W. J. M.', is written over a horizontal line.

MRP Investment Committee