

MASSACHUSETTS REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting

Wednesday August 11, 2021

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*)

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 MRP's website.

3. Approval of minutes from February 12, 2021 & April 2, 2021 meetings

A *motion* was made by Mr. Brewer to approve the minutes from the February 12, 2021 and April 2, 2021 meetings as presented, Mr. Tympanick seconded the motion; it passed unanimously.

Roll call vote:

Mr. Bacon – yes

Mr. Brewer – yes

Mr. Zorola – yes

Mr. Tympanick – yes

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

Mr. Piurkowski reviewed his Investment Portfolio Breakdown as of 6/30/2021; a copy of which is included within these minutes. He began by stating that there is \$2M in cash & cash equivalents. Mr. Tympanick asked about future cash needs, Mr. Piurkowski stated that need will be based on case reserves when they actually get paid and closed out and third quarter is a large quarter for premium so we could have excess cash to invest. Mr. Piurkowski continued stating that fixed income is \$13M or 61%; bonds \$11M with surplus at \$7.3M.

5. Market & Portfolio – Prime Buchholz

Mr. Matthews began reviewing their quarterly investment performance analysis; a copy of which is included within these minutes. He stated that Prime Buchholz believes the U.S. economy will continue its post-pandemic growth and the recent inflation spike will be temporary. He proposed harvesting equity gains and re-allocating to fixed income, replacing the emerging markets fund and funding the bond ETF fund for allocation liquidity. Total fund was +5.8% YTD. A discussion ensued on a question of timing equity styles, commodities and precious metals.

The Investment committee changed the proposal as follows:

Ms. Powers discussed the IPS table asset class tables and ranges and recommends widening the target range for Flexible Capital from 7.5% to 10%.

Mr. Tympanick made a *motion* to allow the Investment Policy Statement (IPS) tables and ranges for Flexible Capital target range to be widened from 7.5% to 10%, it was seconded by Mr. Brewer; it passed unanimously.

Roll call vote:

Mr. Bacon – yes

Mr. Zorola – yes

Mr. Brewer – yes

Mr. Tympanick – yes

Mr. Tympanick made a *motion* to replace the current SPDR EM with ETF version of Vanguard and moving \$497,342 into the new EM (VWO) Prime Buchholz recommended as well as \$200K from the Vanguard Mid-Cap Value ETF making a total of \$697,342 into the new EM (VWO) Mr. Brewer seconded the motion; it passed unanimously.

Roll Call vote:

Mr. Tympanick – yes

Mr. Zorola – yes

Mr. Brewer – yes

Mr. Bacon – yes

Ms. Powers continued reviewing the proposed rebalancing Prime Buchholz recommends to bring the target range closer to 26% by taking some of the exposure and profits from the Mid-Cap Value and Small-Cap Value ETF exposures as well as Developed Markets and rebalancing that into a combination of the new Vanguard ETF for EM as well as fixed income. She noted that we are still 5% underweight in fixed income stating that this is a relatively small move to rebalance and keep to the discipline of rebalancing as equities are appreciating very strongly on a year to date basis. A discussion ensued regarding the proposed rebalancing.

Mr. Tympanick made a *motion* to do a reallocation from equities change to move \$100K out of the Vanguard Value ETF, move \$200K out of the Vanguard Mid-Cap Value ETF and move \$100K out of the Vanguard Small-Cap Value ETF and as suggested move \$400K out of the Vanguard FTSE Developed Markets ETF and make

the change as already recommended to the EM, \$600K would go into the Vanguard Total Bond Market ETF, Mr. Zorola seconded the motion; it passed unanimously.

Roll Call Vote:

Mr. Bacon – yes

Mr. Tympanick – yes

Mr. Zorola – yes

Mr. Brewer – yes

Mr. Kiely stated that inflation is likely not transitory considering trend in wage increases. Government spending levels are grotesque, with consequences to follow.

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 @ 10:20AM, Mr. Tympanick seconded the motion; it passed unanimously.

Roll Call Vote:

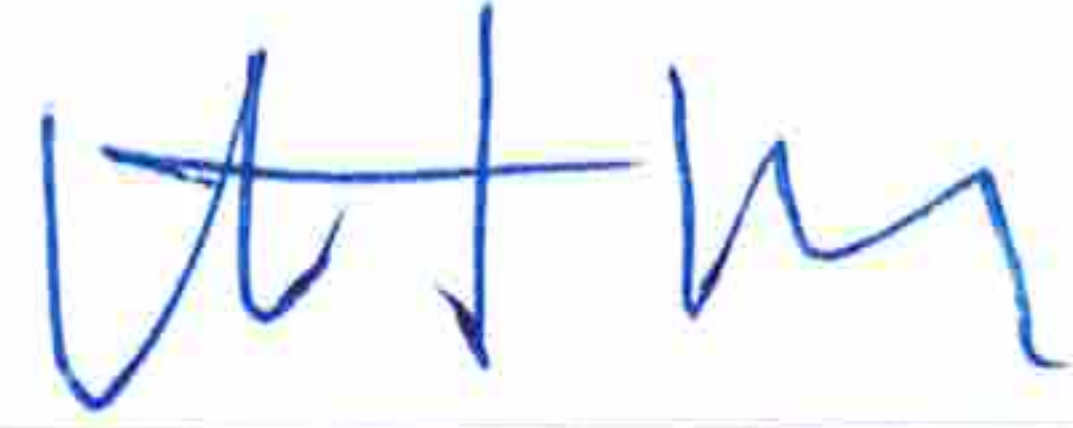
Mr. Bacon – yes

Mr. Brewer – yes

Mr. Tympanick – yes

Mr. Zorola – yes

A true record transcribed by Robin Ward on August 19, 2021



A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a horizontal line.

MRP Investment Committee