

FINAL

MASSACHUSETTS REINSURANCE PLAN
GOVERNING COMMITTEE

Minutes of a Meeting Wednesday November 8, 2017

A Meeting of the Governing Committee of the Massachusetts Reinsurance Plan (“MRP”; the Plan) was held at the Executive offices of the Massachusetts Reinsurance Plan, 106 Southville Road, Southborough, MA 01772 @ 10:30AM.

The following members were present:

William T. McGrail, Chairman
Margaret Bronneck, Esq.
Jose Zorola
Peter Robertson, Esq.
Renee M. Jones, Esq.

The following MRP Staff/Consultants/Sub-Committee members were present:

Robin M. Ward, Director of Administration
Eric Piurkowski, CPA, CFO
Gerald J. Cassidy, Operations Committee
James R. Bacon, Investment Committee

Matthew Mancini, Esq., Division of Insurance (*conference call*)
William Pomponi, Crowe Horwath (*conference call*)

1. Call to Order

Mr. McGrail called the meeting to order at 10:30AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notice

Mr. McGrail stated that all committee members were in attendance and that a quorum was present at the meeting. 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.

3. Minutes of Prior Meeting

Mr. McGrail noted the minutes to the previous meeting of August 11, 2017 had been distributed to all in attendance. Mr. Robertson made a ***motion*** to accept the minutes as presented. Mr. Zorola seconded the motion. The motion passed unanimously.

4. Quarter 3 – 2017 Financials – Eric Piurkowski, CPA CFO

Mr. Piurkowski began discussing the balance sheet portion of the financials; a copy of which is included within these minutes. He stated that as of 9/30/2017 there is \$2.3M in the

Clinton Savings Bank which he stated is up from 6/30/2017 and is due to two things; one being the Investment committee voted to move \$550K out of ETF portfolio selling an ETF Preferred stock as well as dividend cash that was generated out of the portfolio and two being that in Q3 we collect most of our premium. He continued reviewing the balance sheet stating that the total assets are at \$15.4M. He explained to new members what "IBNR" is; incurred but not recorded. Mr. Piurkowski continued reviewing the financials and answered questions from members.

Mr. Piurkowski passed out an Investment Portfolio Breakdown sheet through 9/30/2017; a copy of which is included within these minutes. He stated that there is a little over \$3M in the cash accounts; bonds are at \$5.5M making fixed income \$8.6M 58.8% of the portfolio and equities are \$6M 41.2% of the portfolio.

Mr. McGrail noted that all in attendance have a copy of the Policies in Force report; Summary of Ceded Premium report and the Summary of Ceded Policies Written report through 9/30/2017. A copy is included with these minutes.

5. Investment Diagnostic Project Report – James R. Bacon, Chairman Investment Committee

Mr. Bacon distributed his handouts; copies of which are included within these minutes. He began by discussing the relationship between the investment advisors and the recommendations that were given from the "Institutional specialist" Prime Buchholz. Mr. Bacon explained that they are willing to "stack" the assets between the "Plan" and "HIG" for a less expensive fee, a 52% savings; keeping each portfolio individualized and separate. Mr. Bacon

discussed Prime Buchholz recommendations; highlighting the “liquid real assets” and “flexible capital” components and answered questions from committee members.

6. Crowe Horwath – Audit Engagement and Plan – William Pomponi, Senior Audit Manager

Mr. Pomponi joined the meeting via conference call; copies of his presentation were distributed to all in attendance; copies of which are included within these minutes. Mr. Pomponi introduced himself to the Committee and gave a short history of Crowe Horwath. He continued by reviewing the 2017 Audit Engagement and Plan; beginning on page 2 which describes the Client service team. Mr. Pomponi discussed the 2017 Engagement and Fees, noting that the fees increased by 2% this year. He reviewed the Timeline beginning in December 2017 and finishing in February 2018 with a presentation of the audit report at the May 2018 Audit and Governing Committee meetings. He discussed the audit cycle and areas of audit emphasis.

Mr. Pomponi distributed the NAIC Summer 2017 Meeting Update to all in attendance; a copy of which is included within these minutes. Mr. Pomponi answered questions from Committee members.

Mr. Robertson made a ***motion*** to accept the audit plan as presented, Ms. Jones seconded the motion, and it passed unanimously.

7. Other Business

Mr. Piurkowski stated that the Alerian fund, the MLP’s; he stated we own the mid-stream MLP’s; which is basically the pipeline. He continued by stating that we have collected

about an 8% dividend and the dividend gets paid out every Quarter and goes straight to our P&L as dividend income. He continued by stating that the market value is about 27% underwater and what the accounting rules say is if your over 20% underwater for a year or more you have to impair the asset. Mr. Piurkowski stated that we would like to avoid impairing the asset and proposes moving into GlobalX which is similar to Alerian same yield; same space, lower risk for 31days and then we can decide to move back to Alerian at a later time.

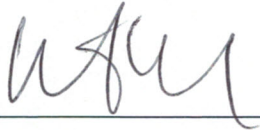
Mr. Robertson made a *motion* as recommended by the Plans CFO to sell the Alerian MLP fund with a value of \$535K and take a loss of \$194K and move the proceeds into a similar space called GlobalX. Mr. Zorola seconded the motion it passed unanimously.

Mr. McGrail stated that the Plan has been notified by the Division of Insurance of their intent to examine the Plan. The Division of Insurance's report of examination from their 2012's exam has been distributed to all in attendance; a copy of which is included within these minutes. Mr. McGrail highlighted page 16 "Summary of Recommendations", he also included the Plans responses to those recommendations. Mr. McGrail stated the new committee members should become familiar with the process. He stated that he would keep the members informed on when the Division intends on beginning their exam of the Plan.

8. Adjournment

Mr. Robertson made *motion* to adjourn the meeting at 11:45AM; Ms. Jones seconded the motion the motion passed unanimously.

A true record transcribed on November 17, 2017

A handwritten signature in black ink, appearing to be 'W. J. ...', written above a horizontal line.

MRP Chairman/Officer