

FINAL
MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting
Tuesday, May 25, 2010

A Meeting of the Investment Committee of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; the Plan) was held at the offices of The Dubilo Hill Group at Graystone Consulting, 53 State Street, Boston, MA on Tuesday, May 25, 2010 at 11:00AM.

The following committee members were present:

James R. Bacon, Chairman
John W. Tympanick
Peter F. Kiely
Gerald J. Cassidy

The following MMMRP Staff/Consultants were present:

William T. McGrail, President
Moe Edwards, CPA, CFO
Susan Smith, Director of Administration

Frank Hill, Graystone Consulting
Ned Dubilo, Graystone Consulting
Scott Notargiacomo, Graystone Consulting

The following guests were present:

Bill Fain, Senior Vice-President and Co-Chief Investment Officer, Madison Scottsdale
John Schaefer, CFA, CPA, President, AAM
Joel Cramer, CFA, VP, Director of Sales & Marketing, AAM
Daniel Byrnes, CFA, VP, Portfolio Manager, AAM

The meeting was called to order by Chairman Bacon at 11:05 AM. Ms. Susan Smith kept a record of the proceedings. Mr. Notargiacomo reviewed the history that led up to the meeting, adding that this was a follow-up to the April 9th meeting at the Stage Neck Inn. He distributed a comparative ranking sheet for the committee to use to compare the two companies, and a copy is included with the minutes.

1. Madison Scottsdale Presentation

Mr. Notargiacomo introduced Bill Fain from Madison Scottsdale. Mr. Fain distributed an informational packet which provided an overview of the firm, adding that Madison Investment Advisors, Inc. has 80 employees and \$15 billion under management. He continued that Madison Scottsdale has \$1.8 billion primarily in fixed income and that they focus strictly on managing insurance company assets. He pointed out that they have a steady client base and that the fund managers are accessible to all clients. He continued to review other topics such as management, resources, proprietary models, communication, investment selection and asset allocation. Mr. Fain fielded questions as necessary. In addition, Mr. Fain distributed a MMMRP investment packet dated April 30, 2010 which included performance review and an overview of the portfolio. After his presentation, Mr. Fain left the meeting and the committee took a 10 minute recess.

2. Minutes

Minutes to the previous meeting dated April 9, 2010 had been distributed. A **motion** was made by Mr. Tympanick and seconded by Mr. Kiely to approve the minutes. The motion passed unanimously.

3. AAM Presentation

Mr. Notargiacomo introduced the three representatives from AAM: John Schaefer, CFA, CPA, and President, Joel Cramer, CFA, VP, Director of Sales & Marketing and Daniel Byrnes, CFA, VP, Portfolio Manager. They distributed an informational packet on their firm and introduced themselves, providing their titles and length of service at AAM. They noted that they have 46 employees, \$15B under management and a focus on insurance company clients. In addition they further pointed out that the median portfolio is \$5.5M and they are all in one location in Chicago. Mr. Byrnes noted that he would be the day-to-day contact if MMMRP were to work with AAM. The trio took turns reviewing the contents of their informational packet, including topics such as clients, core values, customized

approach, growth, communication, process, value views, risk management, sectors, bonds, reporting and tax analysis. They pointed out that they have a seven person corporate research team, including dedicated ratings analysts. They also provided a sample portfolio recommendation, noting that they would customize a portfolio for MMMRP based on further input. They further pointed out that their average client portfolio has over 100 holdings. The AAM representatives fielded questions as necessary. They also distributed a MMMRP investment overview packet dated May 25, 2010. Lastly, they reviewed the fees as presented on page 41 of their informational packet, noting the difference in price if hired by both MMMRP and HMIC.

4. Review of Information

After the AAM presentation, the three AAM representatives, as well as Mr. Edwards and Mrs. Smith, left the meeting. The remaining committee members and Graystone Consulting representatives discussed the comparative strengths and weaknesses of both firms and their respective presentations.

5. Further Action

The Committee agreed to do the following further research and reconvene in July to come to a decision on retaining Madison, replacing them with AAM, or considering other alternatives:

A.) Mr. McGrail will contact the Pennsylvania AAM client reference & provide feedback via email.

B.) Mr. McGrail will discuss the presentations with Mr. Edwards who departed early.

C.) Graystone will contact Madison to ask if they would consider 'aggregating' the fee schedules for HMIC & MRP.

D.) One of the members will contact another Madison client reference for perspective

6. Adjournment

A motion was made and duly seconded to adjourn the Investment Committee meeting at 3:00PM. The motion passed unanimously.

A true record transcribed on May 30, 2010.

MMMRP Investment Committee