

MASSACHUSETTS MEDICAL MALPRACTICE  
REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting

Monday, December 5, 2005

A Meeting of the Investment Committee of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; the Plan) was held at the Executive Offices, 95A Turnpike Road, Westborough, MA on Monday, December 5, 2005.

The following members were present:

Peter F. Kiely, Chairman (*via telephone conference*)  
John S. Coldiron, MD  
John W. Tympanick

The following MMMRP Staff/Consultants were present:

William T. McGrail, President  
Dolores M. Ivester, Director of Administration  
Maurice (Moe) T. Edwards, CPA, Controller

Frank Hill, Sr. VP, CIMA, Citigroup Consulting/Smith Barney  
Ned Dubilo, Sr. VP, Citigroup Consulting/Smith Barney  
Scott Notargiacomo, Citigroup Consulting/Smith Barney

The following invited guests were present:

John Edwards, Newgate Capital Management  
Adam Caskey, Lasalle Investment Management

Mr. Peter Kiely called the meeting to order at 9:35AM. Dolores Ivester kept a record of the proceedings.

1. Previous Minutes

Minutes to the previous meeting dated October 17, 2005 have been distributed. A motion was made to approve the October 17, 2005 minutes as presented. The motion was duly seconded and passed unanimously.

2. Investment Presentations arranged by Citigroup/Smith Barney

Mr. Frank Hill briefly introduced Mr. John Edwards and Mr. Adam Caskey representatives of two potential asset management companies. Mr. Edwards of Newgate Capital Management handed out bound copies of his presentation to all in attendance and a copy is included with the minutes. Mr. Edwards discussed the history of the company which was established in 1982 beginning as a research organization eventually converting to investment management. The company has 23 employees, currently manages \$2B in assets and is based in Greenwich, CT. The Newgate Global Resources Portfolio invests in issuers who extract, process, transport and distribute natural resources around the world. Its benchmark is the Dow Jones-AIG Commodity Index. The presentation continued with reasons to invest in Global Resources including hedge against inflation, diversification, and historical enhanced returns. A global chart comparing traditional futures versus Global Resource stocks was included. Mr. Edwards discussed the company's investment process which utilizes a top down asset allocation and a bottom up security selection. Also presented were the Global Resources Portfolio characteristics as of 9/30/05 including Top Ten Holdings, Sector Allocation with comparison to indexes and Country Weightings including developed and emerging markets. Mr. Edwards answered questions throughout his presentation and included a biographical list of the Portfolio team.

3. Recess

A five minute recess was held 10:20 – 10:25.

4. Investment Presentations arranged by Citigroup/Smith Barney (cont'd)

Mr. Frank Hill asked Mr. Adam Caskey of LaSalle Investment Management to begin his presentation. Mr. Caskey handed out bound copies of his presentation to all in attendance and a copy is included with the minutes. Mr. Caskey discussed the history of LaSalle

Investment Management which was established in 1985 as a global real estate adviser and currently has 495 employees in 24 global offices, manages \$29B in assets and is part of Jones Lang LaSalle global network of 9600 Real Estate Professionals. The presentation included a performance chart since inception with return comparison to the NAREIT Composite. Mr. Caskey discussed the firm's organization chart and global market presence. He next discussed REIT returns versus other asset classes showing lower volatility and higher income over the last 20 years. Mr. Caskey discussed price appreciation in real estate versus NASDAQ reflecting that commercial property is not in bubble territory. The steady expansion of the US economy and strong job market boost real estate demand. The long term outlook for real estate is positive with strong yield demand from both institutions and individuals and is widely accepted in a diversified portfolio. Mr. Caskey presented the Portfolio characteristics including sector weightings and geographic distributions. In response to a question, Mr. Caskey can provide top ten holdings of portfolio.

5. Smith Barney/Citigroup

Mr. Scott Notargiacomo reported that Wachovia accounts have been established for Madison Scottsdale investments and are available to be viewed online. The Plan's 2004 assessments are being collected and will be distributed to Wachovia by year-end at which time assets at Wachovia will total approximately \$52M.

Referring back to previous presentations, Mr. Tympanick sees large advantage to Natural Resource asset management with good returns after fees.

6. Investment Policy Statement

Mr. Scott Notargiacomo handed out copies of an updated Investment Policy Statement as tabled from the last Investment Committee meeting. A copy of the updated Investment

Policy Statement is attached to the minutes. A motion was made and duly seconded to approved the Investment Policy Statement as presented. The motion passed unanimously.

7. Asset Allocation Discussion

Mr. Notargiacomo passed out Active Equity Asset Allocation and Strategic Equity Asset Allocation charts to all in attendance. A copy is included in the minutes. A motion was made to accept the Active Equity Asset Allocation of 35% Large Value, 25% Large Growth, 20% International Equity, 5% REITS, 10% Small Value and 5% Natural Resources. The motion was approved unanimously.

Mr. Notargiacomo reported that the 5% asset allocation to REITS will not be sufficient to engage LaSalle Investment Management (minimum \$1M) and Smith Barney/Citigroup is recommending investment in two equity indexed Exchange Traded Funds (ETF) specifically Cohen & Steers and Vanguard REIT. Mr. Tympanick noted that ETF's mirror the NAREIT Index closely and the selection of two allows diversity between large and small cap. A motion was made and duly seconded to evenly invest the REITS 5% asset allocation between two indexed Exchange Traded Funds as recommended by Smith Barney/Citigroup. The motion passed unanimously. Smith Barney/Citigroup will provide yield information on the recommended ETF's to the Investment Committee.

A motion was made and duly seconded to engage Newgate Capital Management as the Natural Resources asset manager. The motion was voted unanimously.

Mr. Notargiacomo provided follow-up from the previous Investment Committee meeting regarding Santa Barbara holdings. He reports that the index used to define large cap stocks is the Russell 3000 with the top 1000 reported by the Russell 1000 index. The smallest cap stock within the Russell 1000 is \$1.8B. Santa Barbara has no stocks below \$2B

in their portfolio. A motion was made and duly seconded to engage Santa Barbara as the Large Growth asset manager. The motion passed unanimously.

In addition, Mr. Notargiacomo provided follow-up for Great Lakes Advisors holdings, reporting that the company has only one stock below \$1.8B in their portfolio.

Mr. McGrail reported that initial equity funds will be wired to Wachovia on December 28 and the Plan has received the wiring instructions.

7. Other Business

There was no further business to discuss.

8. Next Meeting

Following discussion, the next meeting will take place on Tuesday January 31<sup>st</sup>, 9:30am at MMMRP Executive Offices.

Adjournment

The meeting adjourned at 11:45am.

A true record transcribed on January 2, 2005.

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MMMRP Investment Committee