MINUTES

PCF OVERSIGHT BOARD

January 5, 2012

WOMAN'S HOSPITAL PHYSICIAN'S TOWER
BATON ROUGE, LA.

Mr. Clark Cossé, Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday, January 5, 2012.

The following Board Members were in attendance:
Mr. Clark Cossé
Mr. Kent Guidry
Mr. Joe Donchess
Dr. William LaCorte
Mr. James Hritz

The following Board Members were absent:
Mr. Manuel DePascual
Dr. Van Culotta
Dr. Katharine Rathbun
Dr. Melanie Firmin

Others present:
Mrs. Lorraine LeBlanc
Mr. Ken Schnauder
Ms. Barbara Woodard
Mr. Dave Woolridge
Mr. Bruce Binzel
Mr. Ron Partain
Mr. Patrick Tuohy
Mr. Robert MacMillan
Lynn Duszynski
Ms. Sharon Knight
Mr. Adam Thames
Dr. Nick Accardo, Jr.
Mr. Brett Hazen
Mr. Thomas Klem

Mr. Cossé welcomed the guests to the meeting and asked all present to introduce themselves. He then called the meeting to order and asked that the record reflect five Board Members were in attendance and a quorum was present.

Mr. Cossé asked for public comments or questions. No public comments were made.

Mr. Cossé called for the approval of the December 5, 2011 minutes. Mr. Hritz moved for the minutes to be approved and Mr. Donchess seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

The next item on the agenda was a presentation by Prime Advisors investment firm out of Connecticut. The representatives went over several pages in the handout, explaining each to the board. They have Louisiana clients, use a team approach, understand the nature of liabilities associated with insurance companies, provide customized portfolios, and have good relationships with brokers. They explained they provide a high level of computerization, all guidelines would be adhered to and they would work closely with the Board and the investment consultant. Their group concentrates more in fixed income, but could do small percentage of equities. They also stated that they would have access to the funds but not physical control of the funds and all investments would be in the PCFOB's name. Mr. Donchess asked that sample costs and fees be provided to the executive director. There were no further questions and Mr. Cossé thanked them for the presentation.

Next, the representatives from Boghahn Group, a Florida based consultant firm, addressed the Board and went over the handout they had prepared. They gave a brief history of the company and the types of clients they serve. They also provide customized policies and reports as needed. They do not have any Louisiana clients at this time, but have staff that has worked in Louisiana and is familiar with the Treasurer's office staff and the legislature. Mr. Hritz asked if the Board should consider multiple investment managers and they responded this would be something that would be determined after a review of all the investments and needs of the Board. As there were no further questions, Mr. Cossé thanked them for the information provided in the presentation.

The third presentation was by Segal advisors, Mr. Brett Hazen, from Texas. He stated he has worked with several public entities that were just setting up investment policies and guidelines and his firm has a number of clients in Louisiana. An investment plan would be customized according to the needs of the client, with risk taking being a key concern. The firm has an online system that can be used to generate reports to fit the needs of the customer. Mr. Hritz asked if an in-house investment employee would be needed and Mr. Hazen said no. Dr. Lacorte asked about bonds versus stocks in today's market and Mr. Hazen stated he would send a paper on the topic for the Board's review. Again, hearing no further questions, Mr. Cossé thanked them for the information provided.

The next item on the agenda was a discussion regarding the Elm risk management online program. Since the board members that had the opportunity to review an actual online class were not present, the item will be placed back on the agenda for the next meeting.

Ms. Woodard went over the financial report which showed the Fund balance to have reached the $700,000,000 level. Administrative expenditures were in line with expectations. Claims expenditures are lower than the same period last year. There were no questions concerning the report.

Next, Mr. Schnauder went over the claims report. He stated December had been a slow month. There were more claims closed than opened and there are now 4920 total open claims. This is about 100 less than last year. Reserves are down and the total amount paid in settlements was lower. He informed those present that he attended a oral arguments involving the St. Rita nursing home claims at the 4th circuit and a decision should be forthcoming. The lower court had granted a MSJ stating the claims did not fall under the medical malpractice act. There were no questions asked.

The final item on the agenda was a report of the current status of the case challenging the constitutionality of the cap, the *Oliver* case. The Supreme Court has set January 23, 2012 as the date for oral arguments. The lower court ruled the cap was constitutional, the Third circuit ruled the cap unconstitutional as to nurse practitioners if the damages exceeded the cap. Many groups have filed amicus briefs, including the LNHA, LHA, LSMS, Acadian Ambulance, LAMMICO, Tulane, and the nurse practitioner group. Dr. Lacorte stated that if such a decision were to stand it would disrupt primary care to the citizens.

Mr. Cossé asked if there were any comments or questions from the public and there were none. All were thanked for their attendance.

Mr. Hritz then motioned for the Board to move into the Executive Session to discuss matters of litigation and Mr. Donchess seconded the motion. The vote was unanimous and the General Session was adjourned. The Board moved into Executive Session.

Mr. Clark Cossé III, Chairman

2/2/12
Date