MINUTES

PCF OVERSIGHT BOARD

August 2, 2012

LOUISIANA STATE MEDICAL SOCIETY
BATON ROUGE, LA.

Mr. Clark Cossé, Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday August 2, 2012 at the Louisiana State Medical Society.

The following Board Members were in attendance:
Mr. Clark Cossé, Chairman
Mr. Kent Guidry
Mr. James Hritz
Dr. Patrick Breaux
Mr. Manuel DePascual

The following board members were absent:
Dr. Melanie Firmin
Dr. Katharine Rathbun
Mr. Joe Donchess
Dr. Van Culotta

Others present:
Mr. Ken Schnauder
Ms. Barbara Woodard
Ms. Shelly Fowler
Ms. Betty Patrick
Mr. Ward Blackwell
Mr. Greg Waddell
Ms. Berkley Durbin
Mr. Adam Thames
Mr. Travis Taylor
Mr. Matt Padberg
Mr. David Center

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

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

Mr. Cossé called for the approval of the July 12, 2012 minutes. Mr. Guidry moved for the minutes to be approved and Dr. Breaux seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cosse called for a motion to adopt the Delegation of Authority for the new Executive Director. The Resolution formally authorizes Ken Schnauder as the Executive Director so that he can officially manage the Fund at the Board's direction. Mr. Hritz moved for the resolution to be approved and Dr. Breaux seconded the motion. By verbal vote, the resolution was adopted with no dissenting votes. The resolution was signed by all Board members present. There were no further questions and no public comments.

Mr. Cosse' asked for the financial reports. Ms. Woodard informed the Board that the fund balance was approximately $744,877,191. The total net collected in surcharge payments for the new FY was approximately $12,957,591. The total net filing fees collected for the FY was $23,300. The total interest earned for the FY was $810,086. Operating expenses to date are $309,051. The current claims expenses to date are $2,873,721. Final FY'12 totals from last FY which ended on June 30, 2012 will be presented at the next Board meeting. A question was asked whether the totals would be under budget; Mr. Schnauder answered approximately $20 to $25 million under budget. A question was raised as to how much money was added to the Fund balance each year and Mr. Schnauder advised the Board that the total is approximately $40 – $50 million more than last year's total, which was $699 million at year end. Mr. Cosse' asked if there were any other questions regarding the financial reports. There were none.

The location of future Board meetings was brought up for discussion. Mr. Schnauder informed the Board that the Woman's Hospital move was complete and that the hospital could not guarantee a meeting room on the first Thursday of every month. Our Lady of the Lake Regional Medical Center has offered their board room. Mr. Schnauder stated he would contact the Lake and schedule a site visit to schedule the September meeting at this location. The Board agreed that this would be the best option and to schedule.

Mr. Cosse' asked for the claim report. Mr. Schnauder advised that July had been a good month, with 105 claims opened and 153 closed; the total pending was 4904, which is the lowest it has been in months. No judicial interest was paid this month and $251,081 in legal fees and expenses were paid. Presented at this meeting are 18 claims for settlement approval in the amount of $6,079,018. Mr. Schnauder informed the Board that a job posting for the Claims Manager position would begin on Saturday in the state newspapers and on one job website. There were no questions asked and no public comments made.

Mr. Cosse' called for the discussion of the Strategic Asset Allocation by Cardinal Investment Advisors, Mr. Padberg and Mr. Center. A few decisions were needed in order for Cardinal to move forward in the process. A key discussion was asset allocation so that the manager search process could begin. Mr. Padberg went through the asset allocation recommendations and options based on meetings with staff and Board feedback.

Mr. Cosse called for a motion as to the amount of cash that should be set aside on behalf of the Fund; there was discussion of whether more or less than the recommended amount should be allocated; Mr. Hritz made a motion that $18 Million be set aside for cash availability and Dr. Breaux seconded the motion. There were no questions asked by the public. By verbal vote, the motion was approved with no dissenting votes.

Mr. Cosse called for a motion as to the minimum allocation for short term bonds; Mr. Hritz made a motion that 27% would be allocated and Dr. Breaux seconded the motion. By verbal vote, the motion passed with no dissenting votes. There were no questions or public comments.

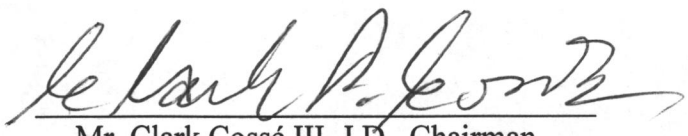
Mr. Cosse called for a motion regarding the recommendation of 5% in High Yield Bank Loans and 5% in High Yield Bonds; Dr. Breaux moved and Mr. Guidry seconded the motion. The vote was unanimous and there were no dissenting votes.

Mr. Cosse called for discussion and a motion for the approval of 10% in equities (3.5% in international equities and 6.5% in US equities as recommended); Dr. Breaux made the motion and Mr. Hritz seconded. The vote was unanimous and there were no dissenting votes.

Mr. Cosse then called for a motion to approve the Diversified Portfolio plan as recommended by the consultant, Cardinal Investment Group. Dr. Breaux moved and Mr. Hritz seconded. By verbal vote, the motion passed with no dissenting votes.

There being no further general business to discuss, Mr. Cosse' asked if there were any questions or comments from the public. There were none. Mr. Cosse' thanked the guests for attending the meeting and the General Session was adjourned.

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



Mr. Clark Cossé III, J.D., Chairman

9/6/12

Date