MINUTES

PCF OVERSIGHT BOARD

October 4, 2012

OUR LADY OF THE LAKE REGIONAL MEDICAL CENTER
BATON ROUGE, LA.

Mr. Clark Cossé, Chairman convened the meeting of the Patient's Compensation Fund Oversight Board, at 6:30 PM on Thursday October 4, 2012.

The following Board Members were in attendance:

Mr. Clark Cossé, Chairman	Dr. Melanie Firmin
Mr. Kent Guidry	Dr. Katharine Rathbun
Mr. James Hritz	Dr. Van Culotta
Dr. Patrick Breaux	Mr. Joe Donchess

The following board member was absent:
Mr. Manuel DePascual

Others present:

Mr. Ken Schnauder	Mr. Greg Waddell	Annette Droddy
Ms. Barbara Woodard	Mr. Adam Thames	Matt Padberg
Mr. Dave Woolridge	Mr. Mike Walsh	
Ms. Betty Patrick	Ms. Lynn Duszynski	

Mr. Cossé called the meeting to order and asked that the record reflect eight Board Members were in attendance and a quorum was present. Mr. Cossé 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 September 6, 2012 minutes. Dr. Rathbun moved for the minutes to be approved and Dr. Culotta seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cosse' asked for the financial reports. Ms. Woodard informed the Board that the Fund balance was approximately $742,388,337. The total net collected in surcharge payments for the FY is approximately $27,514,806. The total net filing fees collected for the year were $63,900. The total interest earned for the FY is $2,145,307. Operating expenses for the FY are $1,069,601. The current claims expenses to date are $20,256,186. There were no further questions asked and no public comments.

Mr. Cosse' called for discussion of the Investment Policy. Matt Padberg of Cardinal Investment Advisors presented the Investment Policy Statement with some minor changes for the Board's approval. Dr. Culotta made the motion to approve the Investment Policy Statement and Dr. Firmin seconded the motion. By a verbal vote, the motion was approved with no dissenting votes. The public commented and suggested that one change be made regarding the Philosophy, number II on the Investment Policy Statement, where it read: "PCF's investment strategy supports its overall business strategy. The investment strategy seeks to achieve the appropriate balance between reducing the surplus deficit, enhancing profitability, and growth," adding "of the portfolio" to the end of the sentence. Dr. Culotta called for an amendment to the previous motion adding "of the portfolio" and Dr. Breaux seconded the motion. There were no further questions and/or comments made by the public. By a verbal vote, the motion was approved with no dissenting votes.

Matt Padberg further discussed mutual fund options. Cardinal Investment Advisors have recommended Vanguard Total Stock Market Index mutual fund as it meets the seven minimum criteria outlined in the RFP should one have been needed. Mr. Guidry made a motion to select Vanguard Total Stock Market Index mutual fund and Mr. Donchess seconded the motion. By a verbal vote, the motion was approved with no dissenting votes.

Cardinal reviewed historical returns over different time periods to determine an implementation timeline for this asset class. To mitigate the risk of a significant loss during funding, they recommended implementing the domestic equity mandate over an 18-month period. Dr. Rathbun made a motion to approve the 18 month duration funding timeline recommended and Mr. Guidry seconded the motion. By a verbal vote, the motion was approved with no dissenting votes.

Mr. Cosse' called for discussion on LA Residual Malpractice Insurance Authority-Legislation. Mr. Schnauder gave a brief history of the Authority and explained there was a CD at Liberty Bank in New Orleans that had been opened over 20 years ago with funds left over from when the Authority shut down and simply renews every 181 days. As it stands now, there is no one appointed to control the money left over in this account which is now approximately $78,000. The PCF staff discovered the CD account was closed in June 2012. Therefore, Ken Schnauder proposed that general counsel, Dave Woolridge, be allowed to draft a bill for presentation to legislature after Board approval, giving the Board full control of the account when a manager of the Authority is not in place. Dr. Firmin made a motion to authorized Mr. Woolridge to draft a bill and Mr. Hirtz seconded the motion. By a verbal vote, the motion was approved with no dissenting votes.

Mr. Cosse' asked for the claims report. Mr. Schnauder advised that September had been a good month, with 104 claims opened and 134 claims closed; ending the month with a total pending claim count of 4901. The total judicial interest paid during the month was $0 and $330,206 in legal fees and expenses were paid. Presented at this meeting are 17 claims for settlement approval in the amount of $5,320,226. There were no questions asked and no public comments.

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. Rathbun then made a motion for the Board to move into the Executive Session and Dr. Firmin seconded the motion. The verbal vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

Mr. Clark Cossé III, Chairman

11/1/12

Date