MINUTES

PCF OVERSIGHT BOARD

May 2, 2013

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, May 2, 2013.

The following Board members were in attendance:

Mr. Clark Cossé, Chairman	Mr. James Hritz
Mr. Kent Guidry	Dr. Katharine Rathbun
Mr. Joe Donchess	Mr. Manuel DePascual

The following Board members were absent:

Dr. Patrick Breaux	Dr. Van Culotta
Dr. Melanie Firmin-McMullen	

Others present:

Mr. Ken Schnauder	Mr. Dave Woolridge	Mr. Ward Blackwell
Ms. Barbara Woodard	Mr. Greg Waddell	Mr. Matt Padberg
Ms. Shelly Fowler	Mr. Adam Thames	Ms. Beth Landers
Ms. Betty Patrick	Mr. Larry Warren	

Mr. Cossé called the meeting to order and asked that the record reflect six 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 approval of the April 4, 2013 minutes. Mr. Donchess moved for the minutes to be approved and Mr. DePascual seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cossé asked for update and discussion on the PCF Investment Portfolio. Mr. Matt Padberg of Cardinal Investments began with reminding the Board that at the last board meeting five mutual funds were recommended and approved to be utilized for the core fixed income mutual funds through the Patient's Compensation Fund's Cooperative Endeavor Agreement with the State Treasurer's Office. He advised, however, that one of the funds, John Hancock, was not available. Mr. Donchess motioned for approval to utilize the four available mutual funds and Dr. Rathbun seconded the motion. By verbal vote, the motion was adopted with no dissenting votes.

Mr. Padberg then began discussion of the implementation of high-yield bonds and international equities. He advised in order to reduce the risk of significantly poor returns, Cardinal recommended investing in high-yield bonds over a 12-month period, as there would be little to be gained from using a longer implementation period, and investing in international equities over an 18-month period, as this would be consistent with the U.S. equity implementation plan. Mr. Guidry motioned for approval of investing over a 12-month period for the high-yield bonds and an 18-month period for the international equities; Dr. Rathbun seconded the motion, and by verbal vote, the motion was adopted with no dissenting votes. Mr. Padberg then advised it was time to decide upon mutual funds for the high-yield bonds and the international equities. He recommended Neuberger Berman and Ridgeworth for the high-yield bond funds; Mr. Donchess made a motion to utilize these two recommended funds and the motion was seconded by Mr. Hritz; by verbal vote, the motion was adopted with no dissenting votes. For the international equities mutual funds Mr. Padberg recommended Vanguard (50%), Allianz (16.7%), Harbor (16.7%) and PIMCO (16.7%); Mr. Hritz motioned to approve utilizing those four recommended managers and the motion was seconded by Mr. DePascual; by verbal vote, the motion was adopted with no dissenting votes. There were no questions asked and no public comments.

Mr. Cossé asked for update and discussion on D & O coverage for Board members. Mr. Woolridge advised that Board members have immunity if acting within the scope of their duties; he also advised there is a policy in place through the Office of Risk Management but that it may be worthwhile to look into additional coverage. Mr. Cossé asked that this matter be deferred to the next meeting for further discussion.

Mr. Cossé called for discussion of the Optometry Surgical surcharge rates. The Board asked that Mr. Jim Hurley, PCF actuary, compile a report on any national trend for possible increases in surcharge rates for optometry.

Mr. Cossé called for discussion of House Bill 216, an amendment presently before the state legislature to clarify the legislative intent that any balance left in the Fund upon the dissolution or liquidation of the PCF would be paid to the state general fund. Dr. Rathbun motioned for approval of the amendment and the motion was seconded by Mr. Guidry; by verbal vote, the motion was adopted with no dissenting votes.

Mr. Cossé asked for the financial reports. Ms. Woodard informed the Board the fund balance for the FY to date was approximately $811,587,224, the total net collected in surcharge payments to date was approximately $148,259,369, the total net filing fees collected to date were $214,300, the total investment income to date was $16,096,247, the total operating expenses to date were $3,441,604, and the claims expenses to date were $83,803,702. There were no questions asked and no public comments.

Mr. Cossé asked for the claims report. Mr. Schnauder informed the Board that April had been a busy month. He advised that there were 119 claims opened and 195 claims closed, ending the month with a total pending claim count of 4,752, the lowest pending number of claims in decades, and that 451 Panels had been filed year to date. He advised the total judicial interest paid for the month was $2,206,094, and that $279,068 in legal fees and expenses were paid. Mr.

Schnauder presented 25 claims for settlement approval for the month in the amount of $14,554,647. There were no questions asked and no public comments made.

Mr. Cossé asked if there were any questions or comments from the public. There were none. Mr. Cossé thanked the guests for attending the meeting. There being no further general business to discuss, General Session was adjourned. Dr. Rathbun then made a motion for the Board to move into the Executive Session and Mr. DePascual seconded the motion. The verbal vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

Mr. Clark Cossé III, J.D., Chairman

June 6, 2013
Date