MINUTES

PCF OVERSIGHT BOARD

June 6, 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, June 6, 2013.

The following Board members were in attendance:

Mr. Clark Cossé, Chairman	Mr. James Hritz
Mr. Kent Guidry	Dr. Katharine Rathbun
Dr. Van Culotta	Mr. Manuel DePascual
Dr. Patrick Breaux	

The following Board members were absent:

Dr. Melanie Firmin-McMullen	Mr. Joe Donchess

Others present:

Mr. Ken Schnauder	Mr. Dave Woolridge
Ms. Barbara Woodard	Mr. Larry Warren
Ms. Shelly Fowler	Ms. Katia Bowman
Ms. Betty Patrick	Ms. Neelm Pradhan

Mr. Cossé called the meeting to order and asked that the record reflect seven 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 May 2, 2013 minutes. Dr. Rathbun 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. Cossé asked for update and discussion on the PCF Investment Portfolio. Mr. Schnauder advised that the Treasurer's Office has liquidated most of the funds in the portfolio, about $450,000,000 (except for a few Sallie Mae's and a Fannie Mae's worth about $3,000,000 which will mature soon) and that the liquidated funds are being invested in core fixed income mutual funds. He advised the RFP for the core fixed income manager (80% of portfolio) was issued last week and that they are due in July; up to 50 proposals are expected. He advised the proposals for the RFP for the Investment Consultant are due next week, and other than that, everything is moving along as expected regarding the investment portfolio.

Mr. Cossé asked for update and discussion on D & O coverage for Board members. Mr. Woolridge advised he had spoken with the Office of Risk Management and ORM had advised there is no state entity that has more than $5,000,000 in coverage, that it is possible to acquire more coverage but is difficult to do and that they did not recommend it. Mr. DePascual advised that he could obtain quotes on extra coverage; Mr. Cossé asked him to do so for discussion at the next Board meeting.

Mr. Cossé called for discussion of Optometry Surgical Surcharge Rates. He advised the bill introduced in this year's legislative session had gained no momentum in the legislature and that he and Mr. Schnauder would be meeting with Mr. Jim Hurley, PCF actuary the following week to discuss what would be required to develop rates for optometrists to join the Fund.

Mr. Cossé called for discussion on House Bill 216. He advised that HB 216, which was before the state legislature this year 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, was approved and signed into legislation on May 30, 2013 and will go into effect on August 1, 2013.

Mr. Cossé called for discussion of Board Resolution on Request for IRS Private Letter. Mr. Woolridge advised that a tax attorney with the firm of Jones Walker, LLP had been consulted regarding whether the PCF is a division or subdivision of the State of Louisiana within the meaning of Section 115 of the Internal Revenue Code, and he advised the Board should seek a "Private Letter Ruling" from the IRS in this matter. Mr. Woolridge advised the consent of the Board members would be required in order for the attorney to move forward with the request. Board members executed the Consent of Members of PCFOB containing two resolutions: the first, authorizing Jones Walker, LLP to seek the private letter ruling, and the second, authorizing PCF Executive Director, Ken Schnauder to execute IRS Form 2848, Power of Attorney and Designation of Representative, appointing Robert R. Casey and Blayne Trevor Wilson as representatives of the PCF with respect to the aforementioned ruling, and authorizing Mr. Schnauder to execute other related documents as necessary. Dr. Rathbun moved to adopt the two resolutions; the motion was seconded by Dr. Culotta. By verbal vote, the resolutions were adopted with no dissensions.

Mr. Cossé asked for the financial reports. Ms. Woodard informed the Board the fund balance for the FY to date was approximately $822,288,099, the total net collected in surcharge payments to date was approximately $152,891,107, the total net filing fees collected to date were $240,700, the total investment income to date was $34,371,635, the total operating expenses to date were $3,794,029, and the claims expenses to date were $95,683,928. Ms. Woodard presented for approval several contracts which will continue or renew on July 1, 2013 which were presented to the Board at the November 2012 meeting. Dr. Culotta moved to approve the contracts and the motion was seconded by Mr. DePascual. By verbal vote, the motion carried with no dissensions. There were no questions asked and no public comments.

Mr. Cossé asked for the claims report. Mr. Schnauder informed the Board that May had been an average month. He advised there were 94 claims opened and 105 claims closed, ending the month with a total pending claim count of 4,742 and that 559 panels had been filed to date. He advised the total judicial interest paid for the month was $475,608, and $228,770 in legal fees

and expenses were paid. Mr. Schnauder presented 20 claims for settlement approval for the month in the amount of $7,151,653. Mr. Schnauder gave the Board an update on the vacant Claims Manager position. He advised he had placed ads online and in different newspapers twice; interviewed five candidates; one of which he was interested in hiring but this candidate had found it necessary to withdraw his application. Mr. Schnauder advised if the Board had no objection, he would revise the duties of the position to reflect strictly Claims Manager duties so that he could look internally for a candidate to fill the position. 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. Breaux then made a motion for the Board to move into the Executive Session and Mr. Hritz seconded the motion. The verbal vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

Clark P. Cossé

Mr. Clark Cossé III, J.D., Chairman

July 10, 2013

Date