# MINUTES

# PCF OVERSIGHT BOARD

March 6, 2014

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, March 6, 2014.

The following Board members were in attendance:

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| Mr. Clark Cossé, Chairman | Dr. Katharine Rathbun | Mr. James Hritz |
| Dr. Van Culotta | Mr. Kent Guidry | |

The following Board members were absent:

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| Mr. Manuel DePascual | Mr. Joe Donchess |
| Dr. Patrick Breaux | Dr. Melanie Firmin-McMullen |

Others present:

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| Mr. Ken Schnauder | Ms. Betty Patrick | Dr. Ward Blackwell |
| Ms. Barbara Woodard | Mr. Dave Woolridge | Mr. Greg Waddell |
| Mr. Kurt Loup | Ms. Megan Bice | Mr. Matt Padberg |
| Ms. Shelly Fowler | Mr. Larry Warren | |

Mr. Cossé called the meeting to order and asked that the record reflect five 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 February 6, 2014 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. Cossé asked for update on the investment portfolio. Mr. Matt Padberg of Cardinal Investments was present to provide an update and discuss the portfolio. Mr. Padberg advised the Board the process of transitioning to the new custodian, Wells Fargo, and the process of moving all assets to them should be completed by May 1, 2014. Mr. Padberg presented research done to find an international small cap equity mutual fund for the PCF. He advised that 252 funds were considered in the review process; that number was narrowed down to two, DFA and Oppenheimer, which Cardinal recommended for the two mutual funds. Dr. Rathbun made a motion to use both of the recommended funds and split the mandate equally between the two; Mr. Hritz seconded the motion and by verbal vote, the motion was approved with no dissenting

votes. Next, Mr. Padberg gave the Board an overview of commodities and presented results of a commodity allocation search for the PCF which began with 281 funds that were narrowed down to seven passing the review process. Of the seven funds, Cardinal recommended using four funds for the commodity allocation: DFA, to be utilized as the core manager, 40%; PIMCO (PRCRIX), 20%; Van Eck, 20% and PIMCO (PCLIX), 20%. Mr. Guidry moved to approve purchase of the four recommended commodity funds; Dr. Rathbun seconded the motion. By verbal vote, the motion was adopted with no dissenting votes. Mr. Schnauder advised the Board that Wells Fargo and the investment managers are requesting that the PCFOB designate PCF employee(s) to be given authority to make investment decisions, under the Board's direction, which do not necessarily require applying to the Board for motion and approval. Dr. Culotta made a motion to give signature authority jointly to Mr. Schnauder and Ms. Woodard to work with the custodian with their reporting investment activities monthly to the Board. Dr. Rathbun seconded the motion and by unanimous verbal vote, the motion was approved.

Mr. Cossé asked for the financial reports. Ms. Woodard informed the Board the fund balance for the FY to date was approximately $883,425,740, the total net collected in surcharge payments to date was approximately $143,755,822, the total net filing fees collected to date were $190,500, the total investment income to date was $11,018,427 the total operating expenses to date were $2,931,932, and the claims expenses to date were $75,226,115. There were no questions asked and no public comments made.

Mr. Schnauder gave the Board an update on the matter of PCF's location and housing. He advised that PCF had received approval from State Facility Planning to purchase or build PCF's own building, and he presented to the Board an "office space purchase vs. lease" analysis as was requested by the Board previously. He advised the current lease will be up July 20, 2014 and that the owners of the current PCF building have agreed to offer a short-term lease of one year with the option of two 6-month extensions which would allow the Board time to explore the approved options, the other option being "going out on bid" for a new PCF location through Facility Planning. Dr. Culotta made a motion to approve the short-term lease with extensions while the Board determines whether continuing to lease office space or purchasing office space is more feasible for PCF. Mr. Guidry seconded the motion and by unanimous verbal vote the motion was approved.

Mr. Cossé asked for the claims report. Mr. Loup informed the Board that, for the month of February, there were 154 panels filed, 140 panels closed, 117 claims opened and 125 claims closed, ending the month with a total pending claim count of 4,799. He advised that $0 in judicial interest was paid for the month and that $442,017 in legal fees and expenses were paid. Mr. Loup presented 29 claims for settlement approval for the month of February in the amount of $12,003,142. 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. Culotta then made a motion for the Board to move into 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 R. Cossé

Mr. Clark R. Cossé III, J.D., Chairman

4/3/14

Date