

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON JUNE 3, 2010**

PRESENT: Stephen Estopinal, Chair  
Timothy Doody, Committee Member

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The Finance Committee met on June 3, 2010, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Chairman Stephen Estopinal called the meeting to order at 8:40 a.m.

**Opening Comments:** None

**Adoption of Agenda:** A motion was offered by Mr. Doody and adopted by the Committee to amend the agenda to add Item VII.D to discuss the advertisement of a public hearing dealing with the possible roll forward of Orleans Levee District millage rates. The agenda was approved by the Committee as amended.

**Approval of Minutes:** The minutes of the May 13, 2010 Finance Committee meeting were approved.

**Public Comments:** None.

**New Business:**

**A. Discussion of selection of official journal for the SLFPA-E and levee districts.**

The LA Revised Statutes requires that an official journal be selected in June of each year. The newspapers that meet the criteria set forth in the statutes are the Times Picayune for the Authority, Orleans Levee District and East Jefferson Levee District and the St. Bernard Voice for the Lake Borgne Basin Levee District.

The Committee recommended that a resolution be placed on the Board agenda to approve the aforementioned newspapers as the official journals for the respective entities for a one year period commencing July 1, 2010.

**B. Discussion of insurance coverage renewals for the levee districts.**

Hardie Edgecombe with Arthur J. Gallagher Risk Management provided information on the insurance coverage renewals for the levee districts, as follows:

**Lake Borgne Basin Levee District (LBBLD):**

**General Liability (GL)** – Thirty-five different markets were approached for all three levee districts and quotes were received from two viable markets. Ace Insurance Company, the current GL carrier, offered to renew coverage (Option 1) at the

expiring rate of \$92,290.80 with coverage limits of \$2 million per occurrence and \$5 million aggregate. Companion Specialty Insurance Company offered a quote (Option 2) of \$79,800; however, the limits were only \$1 million per occurrence and \$2 million aggregate. The selection of Option 1 (Ace) is recommended since the LBBLD requires coverage limits of \$2 million/occurrence and \$5 million/aggregate to comply with certain contracts that are required to provide right-of-entry for construction projects currently underway.

**Auto Liability** – Southern Insurance Company, the current carrier, offered a quote of \$57,012 to renew coverage. The auto exposure risk was increased by five units. The rate was reduced by 19 percent.

**Umbrella** – Lexington Insurance Company offered a quote (Option 1) of \$33,600 for coverage with a limit of \$3 million. This coverage sits over the General Liability, Auto Liability and Employers Liability Insurance coverages. Companion Specialty Insurance Company offered a quote (Option 2) of \$65,362 with limit of \$3 million. Option 1 (Lexington) is recommended. Option 2 would be required only if GL Option 2 was approved.

**Hull P&I** – Great American Insurance Company offered to renew coverage at the expiring premium of \$18,850 for the same coverage as last year. This insurance covers the boat hull, boat liability and workers comp for the crew.

**Vessel Pollution** – Great American Insurance Company, the current carrier, offered to renew coverage at the expiring premium of \$1,400.

**Inland Marine** – Great American Insurance Company, the current carrier, offered a quote of \$9,263 to renew coverage. The coverage limit increased since the LBBLD purchased several pieces of equipment; however, the premium rate decreased by 19 percent

**Property** – RSUI, the current carrier, offered a quote of \$86,906.40 to renew coverage. There is a 10 percent decrease in the premium rate (from 90 cents to 80 cents). Insured values were increased by \$1.7 million. The deductible structure is the same as last year's structure.

**Commercial Crime** – Travelers Insurance Company offered a quote of \$1,054 for coverage with a limit of \$300,000. This insurance provides broader coverage at a lesser cost than the bond currently held by the LBBLD, which will be cancelled.

#### **East Jefferson Levee District (EJLD):**

**General Liability** – Ace Insurance Company offered to renew coverage (Option 1) at the expiring premium of \$71,754.90 with coverage limits of \$1 million per occurrence and \$2 million aggregate. Companion Specialty Insurance Company offered the same coverage (Option 2) at a premium of \$67,252.70. GL Option 1 and Umbrella Option 1 are recommended since their total cost is less than the total for Option 2 of the coverages.

**Auto Liability** – Southern Insurance Company offered a quote of \$132,859 to renew coverage. The auto exposure risk was increased by ten units. The rate was reduced by 13 percent.

**Umbrella** – Lexington Insurance Company offered a quote (Option 1) of \$50,400 to provide coverage with a limit of \$3 million. Companion Specialty Insurance Company offered the same coverage (Option 2) at a premium of \$74,287.50.

**Commercial Crime** – This is the second installment of a three year policy. The premium for coverage with Travelers Insurance Company is \$2,288.

**Orleans Levee District (O.L.D.):**

**General Liability** - Ace Insurance Company offered to renew coverage (Option 1) at the expiring rate of \$120,409.80 with coverage limits of \$2 million per occurrence and \$5 million aggregate. Companion Specialty Insurance Company offered a quote (Option 2) of \$61,687.50; however, the limits were only \$1 million per occurrence and \$2 million aggregate. The selection of Option 1 (Ace) is recommended since the O.L.D. requires coverage limits of \$2 million/occurrence and \$5 million/aggregate to comply with certain contracts that are required to provide right-of-entry for construction projects currently underway. Should Option 2 be selected, Umbrella Insurance coverage would have to be purchased and the cost would be greater. It was noted that the premium is divided between the O.L.D. Flood and Non-Flood Divisions.

Gerry Gillen, O.L.D. Executive Director, advised that this is the third year of a three year retrospective program for Workers Compensation Insurance. The estimated premium for the coming year is \$264,000. The O.L.D. received a total of \$270,000 in retrospective premium adjustments for the first two years of the program.

The Committee recommended that resolutions be placed on the Board agenda to approve the acquisition of the insurance coverages as recommended.

**C. Discussion of Orleans Levee District Budget Adjustments.**

Jim Bollinger, O.L.D. Comptroller, explained that the budget should be amended when there is a five percent or more variance in revenues or expenses. At this time the O.L.D. has received less mineral revenues than was budgeted and thus far the reduction in revenues is more than five percent. However, the O.L.D. may receive some money from the registry of the court prior to June 30 and in that event a budget adjustment would not be necessary.

**D. Discussion of the advertisement of a public hearing dealing with the possible roll forward of O.L.D. ad valorem millage rates.**

The LA Revised Statutes require that the notice of a public hearing must be published twice before July 15 in the official journal should the Board intend to roll forward millage rates. Mr. Bollinger requested the Committee's permission to publish the notice of a public hearing in accordance with the applicable statutes in order to preserve the Board's option to roll forward millage rates after the pertinent information is reviewed in November. He added that the advertisement of the notice is not a commitment to take action. Mr. Doody commented that it would be prudent to advertise the public notice

noting that the O.L.D.'s operations and maintenance costs will be increasing with the completion of the 100 year protection projects currently under construction.

The Committee approved the advertisement of the public hearing by the O.L.D.

Mr. Doody offered a motion, which was adopted by the Committee, to amend the agenda to add an item to discuss the approval of a change order for a LBBLD contract.

**E. Discussion of a Change Order to the Contract for Transition Improvements and Scour Protection - LBBLD**

Stuart Williamson, LBBLD Executive Director, explained that a change order in the amount of \$44,069.95 is required to the contract for the Transition Improvements and Scour Protection at Pump Stations 3, 4 and 7 and Road Transition. This change order is needed because the final quantities for the embankment and the concrete cast-in-place revetment (6" thick) and bedding material items were more than five percent over the quantities included in the original contract.

The Committee recommended that a resolution be submitted to the Board to approve the change order as discussed.

There was no further business; therefore, the meeting was adjourned at 9:09 a.m.