

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON JUNE 6, 2013**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member
Wilton Paul Tilly, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on June 6, 2013, in Meeting Room 221, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 10:00 a.m.

Opening Comments: None.

Adoption of Agenda: The agenda was approved by the Committee.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on April 30, 2013.

Public Comments: None.

Old Business:

A. Discussion of renewal of EJLD Healthcare Coverage.

Lynn Bogran, representing John Thomas and Best Group Benefits, stated that Mr. Thomas is recommending procurement of healthcare coverage for the East Jefferson Levee District (EJLD) under the Aetna/Coventry plan. The annual premium for the Aetna/Coventry plan is a savings of \$130,000 over the Blue Cross plan (the current provider) and \$116,000 over the least costly Louisiana State Office of Group Benefits (OGB) option. Since last month the Aetna/Coventry rates were reduced by about three percent through piggybacking coverage on the Jefferson Parish Government Network.

Dean Mobley, representing OGB, explained that the risk rate for the EJLD is 4 percent higher for the PPO plan and 5.7 percent higher for the HMO plan than the OGB pool. The EJLD would be re-rated each year and would continue at the higher risk rate until the rates are blended and the levee district can be folded into the pool. He pointed out that eligible retirees must apply for Medicare; however, they retain the option of continuing coverage with OGB, which would become secondary to Medicare. OGB offers several coverage options for retirees. Employers must pay at least the same percentages towards cost of coverage as the State.

Fran Campbell, EJLD Executive Director, advised that the plan year ended on May 31, 2013, and that the EJLD is continuing coverage with Blue Cross on a month-to-month basis. She recommended that the EJLD not participate in OGB coverage for the

upcoming year because of the potential savings and that the procurement of coverage be reevaluated next year. EJLD's loss experience for last year was 108 percent.

Ms. Campbell noted that she was advised that OGB is a self-insured plan that is backed by the State only for State agencies and not levee districts. Mr. Mobley advised that the backing by the State for OGB purposes would include levee districts enrolled in the OGB plan.

Mr. Mobley pointed out that OGB premiums decreased by six percent in August of 2012 and 1.77 percent in August of 2013. OGB also offers life insurance coverage and a flexible spending plan.

Mr. Doody offered a motion to defer the discussion of this matter to the Board. The motion was adopted.

New Business:

A. Discussion of renewal of EJLD General Liability, Automobile Liability, Umbrella, Commercial Crime and Flood Insurance coverages.

Hardie Edgecombe with Arthur J. Gallagher Risk Management Services, Inc. (AJG), recommended the renewal of the following coverages:

- General Liability Insurance with ACE Insurance Company at a cost of \$60,900. Rates, deductibles and limits remain the same as last year.
- Automobile Liability Insurance with Republic Fire and Casualty Insurance Company at a cost of \$113,866. There was a decrease in premium rate. Several vehicles were added to the coverage.
- Umbrella Insurance with Lexington Insurance Company at a cost of \$55,566. Lexington is the only carrier willing to write Umbrella Insurance coverage for the levee districts. There was a five percent increase in rate. Umbrella coverage sits over General Liability, Auto and Employers Liability Insurance coverages.
- Commercial Crime with Travelers Insurance Company at a cost of \$2,288. This is the second installment of a three year policy.

Ms. Campbell recommended that Flood Insurance coverage be renewed for the Police/Maintenance Complex (\$88,600 building and \$100,000 contents) at a premium of \$1,954, and for the Sandbag Building (\$38,000 building and \$10,000 contents) at a premium of \$632.

Mr. Tilly offered a motion to accept the recommendations and forward said recommendations to the Board for approval. The motion was adopted.

B. Discussion of renewal of LBBLD General Liability, Automobile Liability, Umbrella, Hull and P & I, Vessel Pollution, Inland Marine, Property, Commercial Crime and Law Enforcement Liability Insurance coverages.

Mr. Edgecombe recommended the renewal of the following coverages:

- General Liability Insurance with ACE Insurance Company at a cost of \$76,650. Rates, deductibles and limits remain the same as last year.
- Automobile Insurance with Republic Fire and Casualty Insurance Company at a cost of \$50,619. The premium rate decreased. One vehicle was added to coverage.
- Umbrella Insurance with Lexington Insurance Company at a cost of \$34,728.75. The premium rate increased by five percent.
- Hull and P & I Insurance with Great American Insurance at a cost of \$18,500. The cost increased by \$200 due to the required rate filings.
- Vessel Pollution Insurance with Great American Insurance at a cost of \$1,175. The cost increased by \$125.
- Inland Marine Insurance with Great American Insurance at a cost of \$12,263. The renewal cost decreased by about \$200. Approximately \$70,000 of equipment was added to the coverage; however, the rate decreased from .70 cents to .67 cents.
- Property Insurance with RSUI at a cost of \$91,875. The rate increased from .84 cents to .847 cents; therefore, there is a \$700 increase in premium.
- Commercial Crime Insurance with Travelers Insurance Company at a cost of \$1,054.
- Law Enforcement Liability Insurance with Darwin Select Insurance Company at a cost of \$1,989.75.

Mr. Tilly offered a motion to accept the recommendations and forward said recommendations to the Board for approval. The motion was adopted.

C. Discussion of renewal of O.L.D. General Liability, Workers Compensation, and Primary and Excess Flood Insurance coverages.

Mr. Edgecombe recommended that General Liability Insurance be renewed with ACE Insurance Company at a cost of \$111,037.50. ACE's rates, deductibles and limits remain the same as last year. He added that ACE Insurance Company was the only carrier that would write General Liability Insurance coverage for the levee districts after Hurricane Katrina. AJG shopped the market this year for coverage and received twenty-six declinations and three proposals with terms from two carriers.

Randy Maddox with Morrison Insurance Company recommended renewal of Workers Compensation Coverage with Louisiana Workers Compensation Corp. (LWCC). Rates

for most classes have decreased. The estimated premium is slightly higher than last year; however, this is due to an increase in payroll.

Gerry Gillen, O.L.D. Executive Director, recommended renewal of Primary Flood Insurance coverage for the Franklin Loft, Administration and Warehouse Buildings with Fidelity National Insurance Company through the Eagan Insurance Agency at a cost of \$2,968.00 (\$22 increase over last year). He also recommended renewal of Excess Flood Insurance Coverage for the Warehouse Building (\$1M Building and \$1M Contents) with SWBC Company through the Eagan Insurance Agency at a cost of \$15,310 (\$614 increase over last year).

Mr. Tilly offered a motion to accept the recommendations and forward said recommendations to the Board for approval. The motion was adopted.

D. Discussion of selection of official journals for the SLFPA-E and levee districts for one year commencing July 1, 2013.

Robert Turner, SLFPA-E Regional Director, explained that the SLFPA-E must designate an official journal for the Authority and levee districts each year for the upcoming fiscal year. The official journal must meet the requirements listed in R.S. 43:171. The Times Picayune qualifies as the official journal for the O.L.D. and EJLD and the St. Bernard Voice qualifies as the official journal for the LBBLD.

Mr. Doody offered a motion to recommend that the Board approve the designation of the Times Picayune as the official journal for the SLFPA-E, EJLD and O.L.D. and the St. Bernard Voice as the official journal for the LBBLD. The motion was adopted.

E. Review of SLFPA-E, EJLD, LBBLD and O.L.D. Louisiana Compliance Questionnaires.

Mr. Turner explained that the Compliance Questionnaire is basically the same form as last year's with some minor revisions. Copies of the completed Questionnaires were distributed to Committee members. The SLFPA-E and levee districts answered in the affirmative relative to compliance on all questions contained in the Questionnaire.

Mr. Doody offered a motion that the completed Compliance Questionnaires be forwarded to the Board for approval. The motion was adopted.

F. Discussion of SLFPA-E FY 2013 and FY 2014 Budget Revisions.

Mr. Turner advised that a future amendment of the SLFPA-E Fiscal Year (FY) 2014 will be needed due to the potential receipt of \$500,000 of State funds that was not anticipated when the budget was approved in March. An amendment of the SLFPA-E FY 2013 Budget is required in order to remain within the five percent deviation standard. The amendment of the FY 2013 budget is primarily required due to a revision of the anticipated grant revenues.

Mr. Doody offered a motion to recommend that the Board approve the amendment of the FY 2013 SLFPA-E Budget. The motion was adopted.

G. Discussion of Orleans Levee District FY 2013 Budget Revisions.

Jim Bollinger, SLFPA-E Comptroller, informed the Committee concerning several substantial changes to the O.L.D. FY 2013 Budget:

- An increase in Ad Valorem Tax Revenues was experienced.
- Expenses decreased from \$18.5 million to \$13 million primarily because the O.L.D. has not yet assumed the operation and maintenance (O&M) of the IHNC Sector and Barge Gates or accepted as many of the Hurricane and Storm Damage Risk Reduction System (HSDRRS) assets and levees as expected. Personal Services decreased since the 20 new positions that were budgeted for the O&M of the gates and new features are not yet filled. The \$4 million budgeted in Contractual Services for the O&M of the marine gates can be eliminated for this year since the gates have not yet been turned over to the O.L.D.
- Professional Services have decreased due to a decrease in legal costs.
- The O.L.D. anticipated paying out \$2.4 million in debt service related to the Community Disaster Loan (CDL) debt. This payment has been postponed during the attempt to achieve a forgiveness of the debt.
- The O.L.D. paid \$1.6 million in settlements related to Bohemia Spillway litigation.
- The FY 2013 Budget was originally balanced through a transfer of \$5 million from the Special Levee Improvement (SLIP) Fund to the General Fund. It appears that this transfer will no longer be required and that there will be an increase of almost \$3 million to the fund balance. He cautioned that the total fund balance does not consist exclusively of cash, but also includes \$7 million due from the Non-Flood Protection Assets Division.

Mr. Doody commented on several large projects being undertaken by the O.L.D. that will be on-going during the next fiscal year (FY 2014), including the lakefront seawall erosion project and renovations and repairs to the Franklin Complex. Mr. Tilly pointed out that the savings being realized this year because the IHNC gates have not yet been turned over to the O.L.D. will disappear next year when the gates are turned over.

Mr. Bollinger advised that an amendment of the O.L.D. FY 2013 Budget is not required; however, the Board should be informed about the budget changes. Mr. Doody recommended that information concerning the changes to the O.L.D. FY 2013 Budget be included in the Regional Director's Report to the Board.

There was no further business; therefore, the meeting was adjourned at 10:55 a.m.