

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MARCH 7, 2014**

PRESENT: Paul Tilly, Chair
Timothy P. Doody, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on March 7, 2014, in Meeting Room 201, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Tilly called the meeting to order at 1:10 p.m.

Opening Comments: None

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

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on February 6, 2014.

Public Comments: None.

New Business:

A. Discussion of renewal of SLFPA-E Public Officials Liability and Employment Practices Liability Insurance coverage.

Laurie Dominguez with Arthur J. Gallagher Risk Management Services advised that the Public Officials Liability and Employment Practices Liability Insurance covers the SLFPA-E, East Jefferson Levee District (EJLD), Lake Borgne Basin Levee District (LBBLD) and Orleans Levee District (O.L.D.). The renewal rate for coverage with ACE is basically flat (\$5 less than the expiring coverage) with the same coverages and limits.

The Committee recommended that the renewal of the subject insurance coverage be forwarded to the Board for approval.

B. Discussion of renewal of Orleans Levee District Property Hazard/Wind/Fire Insurance coverage.

Gerry Gillen, O.L.D. Executive Director, advised that the renewal of Property Insurance Coverage is at a flat rate; however, the premium increased by \$10,000 due to the inclusion of the Administration Building in the property schedule. The building was insured last year under the contractor's builders' risk insurance while renovations were taking place. TRIA (terrorism coverage) is not included in the coverage.

The Committee recommended that the renewal of the subject insurance coverage be forwarded to the Board for approval.

C. Discussion of Fiscal Year 2014-2015 Budgets for the SLFPA-E, East Jefferson Levee District, Lake Borgne Basin Levee District and Orleans Levee District.

Robert Turner, SLFPA-E Regional Director, reviewed the proposed SLFPA-E Fiscal Year (FY) 2015 Budget. Since the SLFPA-E no longer receives any funding from the State, all of its funding must come from the levee districts. Therefore, expenses almost exactly match revenues. Grant revenues total \$402,000. The SLFPA-E is not accumulating any funds; however, it retains a cash balance for cash flow purposes. The expenses were reviewed. It was noted that the increase in Personal Services (salaries) is due to the creation of the position of Regional Police Superintendent and a projected merit increase for staff.

Lindsey Calub, EJLD Accountant, reported that a revision of the EJLD FY 2014 is needed due to an increase in interest income and to carry forward funding for the construction of the combined safehouse/administration complex. He reviewed the proposed EJLD FY 2015 Budget. The Committee recommended that the estimated ad valorem tax revenue be revised to \$8.8 million and that a dollar amount be included for Hurricane Expenses. Mr. Doody pointed out that a reserve or restricted account should be established for the building fund. The estimated fund balance at the end of FY 2015 is approximately \$15 million.

Nick Cali, LBBLD Executive Director, reviewed the LBBLD FY 2015 Budget. The LBBLD is experiencing a consistent loss each year of approximately \$500,000. He noted the anomaly in the FY 2013 Budget due to the receipt of a cash influx of about \$300,000 from back ad valorem taxes that had not been collected in the appropriate years for several pipelines. The deficit is expected to increase with the addition of two new sector gates and the additional maintenance requirements for the Hurricane and Storm Damage Risk Reduction System (HSDRRS). Charles "Buddy" Doize, LBBLD Accountant, advised that after reviewing the recapitulation sheets from the assessor's office he anticipated that the ad valorem tax revenue for FY 2014 may be \$50,000 lower than estimated. The LBBLD receives about \$150,000 in State Revenue Sharing funds. Mr. Cali estimated that approximately \$2 million of the LBBLD's budget is related to drainage (pumping and canal maintenance). Grant and FEMA funds are accounted for under revenues and expenditures. He pointed out that the LBBLD will need to set aside approximately \$200,000 per year for the scheduled dewatering of the two new sector gates and noted the importance of retaining at least one year's operating cost as a cash reserve. Mr. Doize advised that the lowest point of the LBBLD's cash balance occurred at the end of December when the balance was down to approximately \$2 million.

Mr. Gillen reviewed the O.L.D. FY 2015 General Fund Budget. An eight percent increase is anticipated in revenues for FY 2015. Total expenditures are expected to remain the same as last year; however, Contractual Services, Personal Services and Equipment increased by 17 percent due to the additional operating and maintenance requirements for the HSDRRS complex structures. The increase in Contractual Services includes items such as inspection of the complex structures, potential retention of a tug boat service for assistance with structure gate operations, and diving services for inspecting the gate structures. No major maintenance/capital improvement projects

are included in the General Fund Budget. He noted that funding had been included for overtime that may be required during smaller tropical storms. Overtime is normally reimbursed by FEMA for major tropical storm events. The FY 2015 SLIP (Special Levee Improvement) Fund budget was reviewed. Mr. Gillen pointed out that \$2.5 million must be included in the budget for the construction of a new police station.

The Committee briefly discussed the closure of the IHNC Surge Barrier Barge Gate in advance of tropical storm events. The closure of the Barge Gate is supposed to be effected 96 hours in advance of a storm; however, a storm could develop close to the coast significantly decreasing the 96 hour window. Mr. Doody inquired about the SLFPA-E's request to the U.S. Army Corps of Engineers (USACE) about changing the operating procedures for the Barge Gate so that the gate would remain closed during hurricane season. Mr. Turner responded that the USACE did not yet do the environmental study required to determine whether the gate could be kept closed during hurricane season and that he anticipated speaking with Steven Stockton's (Director of Civil Works, USACE) staff when he visits Washington, DC, later this month concerning this matter. The environmental study would be the first step in the process. Mr. Doody requested that a resolution be placed on the Board agenda to officially make the request to the USACE. Mr. Turner further advised relative to the proposal to use the Central Wetlands as an extended storage basin for the IHNC that the polder study being done by Bob Jacobsen will provide the hydraulic analysis of the polder that includes the Central Wetlands.

The Committee recommended that the SLFPA-E and levee district budgets, with the changes discussed, be forwarded to the Board for approval.

There was no further business; therefore, the meeting was adjourned at 2:00 p.m.