

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON FEBRUARY 16, 2017**

PRESENT: Mark L. Morgan, Chair
Richard A. Luettich, Jr., Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on February 16, 2017, in Meeting Room 201, Orleans Levee District Franklin Avenue Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Morgan called the meeting to order at 10:00 a.m.

Opening Comments: None.

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

Approval of Minutes: The minutes of the January 19, 2017 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Discussion of renewal of Public Officials and Employment Practices Liability Insurance Coverage.

Matt Byrd representing Arthur J. Gallagher & Co. explained that the Public Officials and Employment Practices Liability Insurance coverage was marketed to various companies and a quote of \$64,782.62 was received. The premium is about a \$2,500 increase over the expiring premium of \$62,445.51. The limit of liability is \$10 million. Some additional coverages have been included and some exclusions have been peeled back. Three or four companies declined to quote and another company quoted in the \$80,000 to \$90,000 range. The Authority presents a unique type of exposure in the public entity world. The East Jefferson Levee District (EJLD), Lake Borgne Basin Levee District (LBBLD) and Orleans Levee District (O.L.D.) are named as additional insureds. He recommended acceptance of the quote submitted by Illinois Union Insurance Company at an annual premium of \$64,782.62. Mr. Morgan pointed out that the coverage also provides a \$10 million defense limit in addition to the liability limit.

The Committee will recommend that the Board approve the renewal of the coverage.

B. Discussion of clarification of Resolution No. 01-19-17-03 authorizing signatories for financial institutions.

Kelli Chandler, SLFPA-E Regional Finance Director, advised that the resolution adopted by the Board at its last meeting listed a position (O.L.D. Chief Engineer) that is currently

vacant as a signatory, which can be eliminated, and that the EJLD HR Analyst should be reinstated as a signatory in order to provide flexibility. A resolution will be presented to the Board with the updates.

C. Discussion of Lake Borgne Basin Levee District request for a budget amendment for the costs of pump repairs.

Nick Cali, LBBLD Executive Director, explained that due to the changes made at the LBBLD over the past 18 months, some expenses were overestimated and some were underestimated when the Fiscal Year (FY) 2017 budget was prepared. Money will be shifted from areas with excess funding to fund the pump repairs; therefore, the budget amendment is basically a housekeeping measure. Mr. Luettich pointed out that the LBBLD's revenues are \$42,000 less than its expenses for Fiscal Year 2017. Mr. Cali advised that the LBBLD initially had a balanced budget; however, a late change in the cost share amount of the Authority's expenses resulted in the deficit. Mr. Luettich pointed out a correction that was required in the draft resolution in the end of the year balances. The corrected resolution was presented to the Board.

The Committee will recommend that the Board approve the amendment to the FY 2017 budget.

D. Finalization of the proposed benefit leveling plan including budget impact calculations.

Ms. Chandler provided a schedule covering a five year period with calculations and assumptions relative to the proposed benefit leveling plan and the potential impact on the budget. A range of costs was provided in order to take into account some of the assumptions (e.g., choice of coverage). A four percent increase in premiums was included for each year. Mr. Morgan commented that the Authority's objective was not to save itself money, but to attempt to bring consistency across the levee districts. He stated that he was in favor of the adjustments for Fiscal Year 2018, but that the Committee should review the plan relative to future fiscal years and adjustments may be needed. Ms. Chandler agreed that the schedule can be revisited each fiscal year and reiterated that many assumptions had to be made that may prove out differently. Mr. Luettich concurred that the plan should be monitored and adjusted, if appropriate.

John Lewis, HR Director, addressed the review of the compensation structure across the levee districts. An assessment will be made of current wages for each employee at each location for each type of job and a comparison basis will be established to determine consistency with similar circumstances (e.g., years of service, qualifications and special entrance rates).

E. Discussion of an amendment to a previous board resolution related to the repayment of the Go Zone bonds owed by the Orleans Levee District.

Ms. Chandler advised that the repayment of the GoZone loan is not currently included in the budget. The resolution that will be presented to the Board changes the verbiage relative to the funding that can be used for the repayment. Mr. Morgan explained that

the O.L.D. owes the State \$26 million plus interest. The Authority is attempting to negotiate an early repayment discount. Gerry Gillen, O.L.D. Executive Director, advised that the three payment options are: 1) \$12.7 million to become current on the debt; 2) \$32 million to pay the entire debt at this point in time; and 3) \$36 million paid over time if the debt is carried to maturity. Nyka Scott, SLFPA-E Executive Counsel, added that the debt is owed by the O.L.D.; however, at this time the only funds that are to be used for the repayment would be generated by the Non-Flood Protection Assets or mineral lease revenues. The Non-Flood Protection Assets do not at this time generate any extra revenues and the mineral lease revenues are very small. Mr. Gillen noted that the O.L.D. can accommodate any of the repayment options in its Fiscal Year 2017 or 2018 Budgets.

F. Budget status and review schedule(s).

Ms. Chandler advised that draft budgets are being provided for the Authority, EJLD, LBBLD and O.L.D. in the same format as the audited financial statement. Staff is working on producing the budgets by department and function. She thanked everyone involved in the budget process for their hard work and input. The budgets will be reviewed at the March 2nd Finance Committee meeting.

G. Update on Staff consolidation at Orleans Levee District Franklin Facilities.

Mr. Morgan advised that Mr. Dastugue recommended that the services of a space planner be retained. Robert Turner, SLFPA-E Regional Director, explained that the consultant viewed the facilities and presented a proposal at a cost of approximately \$8,000. He stated that he spoke with Mr. Dastugue and that he was agreeable to moving forward with the proposal.

Mr. Luettich requested that a reasonable timeline be provided. Mr. Turner advised that the space planner estimated that a draft plan can be prepared in two to three weeks.

H. Discussion of funding transfers in accordance with the Memorandum of Agreement with the U.S. Army Corps of Engineers relative to Orleans Levee District LPV-109.02a and LPV-111.01 armoring/levee lift projects.

Mr. Turner explained that the Authority elected to go through the 408 permit process and construct the EJLD levee lifts with its own consultants and contractors. The U.S. Army Corps of Engineers (USACE) offered to include the New Orleans East levee lifts in its armoring projects. He stated that the option presented by the USACE was not open to the Authority for the EJLD levee lifts. Authority staff determined the USACE's option for the New Orleans East levees is beneficial as it eliminates the difficult coordination between the levee lifts and armoring. The Board adopted a resolution to authorize the execution of a Memorandum of Agreement with the USACE to construct the LPV-109.02a and LPV-111.01 levee lifts. The cost estimates for the levee lifts has been received and the funding must be transferred up front to the USACE by the O.L.D. prior to commencement of the work. The cost of the levee lifts must be borne 100 percent by the levee districts at this time. The levee lift costs will be tracked so that they may potentially be included in the local cost share. The design work accomplished by

the Authority for the LPV-109.02a and LPV-111.01 levee lifts has been submitted to the USACE for their use.

There were no further business; therefore, the meeting was adjourned at 10:45 a.m.