

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MARCH 19, 2020**

PRESENT: Mark L. Morgan, Acting Chair
Lambert J. Hassinger, Jr., Committee Member
Herbert L. Miller, President

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on March 19, 2020. In accordance with Section 4 of the Governor's Proclamation Number 30 JBE 2020: Additional Measures for COVID-19 Public Health Emergency, the Southeast Louisiana Flood Protection Authority – East held its March 19, 2020 Finance Committee meeting virtually via video conference. The video conference was accessible for observation by the public and was livestreamed for observation by the public, accessible from the following links: FPA East website - <https://www.floodauthority.org/board-meeting-videos/> and FPA East YouTube - https://www.youtube.com/channel/UCVIHpvnI_fEChIjrKLBK5hQ. Public comments were submitted in real time during the meeting via email to comments@floodauthority.org from 30 minutes prior to commencement of the meeting and until action on an agenda item upon which a vote was to be taken, in accordance with La. R.S. 42:14(D). Comments received were read into the record during the meeting.

In the absence of Mr. Dastugue, Mr. Morgan chaired the meeting. Mr. Morgan called the meeting to order at 10:00 a.m.

Opening Comments: None.

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

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on February 20, 2020.

Regional Finance Director's Report:

Due to the current circumstances related to the COVID-19 Public Health Emergency, the Regional Finance Director's report was distributed to Committee members and posted on the FPA's website prior to the meeting.

Kelli Chandler, Regional Finance Director, advised that the Federal Reserve approved a drastic reduction in interest rates due to the COVID-19 Public Health Emergency. This action resulted in an increase in the bond values in the FPA's portfolio; however, if the bonds are redeemed prematurely, the reinvestment rate would be very low. The next maturity will occur in July, 2020. Rates are anticipated to be very low with no inflation in the economy; therefore, a reassessment can be made at that time with the probable

option being the placement of the FPA's money in LAMP's short term cash pool (Louisiana Asset Management Pool), which is very liquid and paying more than ten-year treasuries.

Public Comments:

Mr. Morgan requested that any public comments that were received be read. At that point in the meeting no public comments had been submitted.

New Business:

A. Discussion of updated draft Southeast Louisiana Flood Protection Authority-East combined Fiscal Year 2021 Budget (includes FPA, East Jefferson Levee District, Lake Borgne Basin Levee District and Orleans Levee District).

The Committee discussed each of the fiscal year (FY) 2021 budgets individually:

Lake Borgne Basin Levee District (LBBLD) FY 2021 Budget:

Mr. Morgan noted that the LBBLD Budget appeared to be significantly in the negative (\$3 million). He explained that the FPA agreed to a payment of \$3 million as part of the agreement for the transfer of the pumping and drainage functions to St. Bernard Parish Government (SBPG) and suggested that some of the cash that the FPA planned on using from the BP settlement be moved into the LBBLD Budget effective July 1st, allowing a positive LBBLD Fund Balance. The movement of the \$3.6 million of BP settlement money would be on paper.

Mr. Morgan requested information relative to engineering costs budgeted for the LBBLD. Chris Humphreys, Director of Engineering, advised that he would not recommend reducing the budgeted engineering costs more than \$50,000, which is almost inconsequential. Mr. Morgan pointed out that the FPA would be receiving \$2.4 million for LBBLD pump station capital improvements, which includes the engineering costs. Mr. Humphreys clarified that most of the LBBLD's engineering costs will come from the \$2.4 million; however, a portion is not included and will come from costs budgeted in the Indefinite Delivery-Indefinite Quantity (ID-IQ) Contracts Budget. Projects totaling \$600,000 to \$700,000 are planned that will need engineering services. In addition, unanticipated projects could be required. Ms. Chandler noted that the FPA is tracking all costs related to the LBBLD pump stations.

Mr. Morgan clarified that the only change relative to the LBBLD Budget is the relocation of \$3.6 million to the LBBLD Budget effective July 1st in order to reflect a positive Fund Balance.

Mr. Miller requested that Mr. Morgan clarify at the Board meeting that the \$3 million payment is part of the agreement with SBPG for the transfer of the pumping and drainage functions and that the money will come from the BP settlement and not from revenues received by the East Jefferson Levee District or Orleans Levee District.

*Antwan Harris, Public Information Director, advised that he received a public comment submitted by Roy Arrigo, and read the comment into the record: "Can you please provide an explanation of the \$3 million being paid to St. Bernard in order to make them positive on the budget. Is that part of the settlement that they agreed to and then reneged on in late 2019? I'm asking about the reason for this transfer and please clarify where the funds are coming from."

*Mr. Morgan responded that, as part of the FPA's agreement with SBPG, the FPA agreed to give SBPG \$3 million in cash upon transfer of the responsibility for the pumping and drainage functions. St. Bernard Parish was significantly impacted by the BP oil spill and the FPA received \$3.6 million as part of the BP settlement, which was placed in a special fund for situations that arise in the future. The FPA planned on using some of the BP settlement money to make sure the divestiture of the pumping and drainage functions take place. Therefore, the money will be placed in the LBBLD Budget effective July 1st so that the LBBLD remains in a positive cash flow position and the FPA can continue to manage LBBLD in this way.

Orleans Levee District (O.L.D.) FY 2021 Budget:

Mr. Morgan noted that a significant amount of capital improvement work will be done in FY 2021. Ms. Chandler explained that several large projects will be constructed in FY 2021, including the last phase of the Seawall Erosion Control Project, the Outfall Canal Erosion Control Project, and miscellaneous facilities work (e.g., security).

Mr. Morgan explained that although the combined authority-wide Fund Balance is \$90 million, the cash on hand equals \$170 million. Each year funding is designated in each levee district for reserve accounts for long term periodic maintenance of the flood protection system. Ms. Chandler advised that FPA has been working for several months on developing projections for the long term maintenance costs. The projections have gone through several iterations and are being reviewed to ensure all anticipated costs are captured and that the long term estimates are as accurate as possible. She anticipated presenting the schedule for long term maintenance to the Finance Committee next month, along with the assumptions that went into the estimates. Individual accounts will be set up for the designated monies for the long term periodic maintenance costs.

Mr. Morgan pointed out that the O.L.D.'s beginning Fund Balance (July 1, 2020) is based on a budget number and not the actual number. He anticipated that the actual number would be about \$8 million more than the budget number, which lessens the actual impact. Personnel Services are anticipated to be under budget about \$3 million as of June 30, 2020, and about \$5 million of the money budgeted for Reach 3A of the Seawall Erosion Control Project will be used in FY 2021 in lieu of FY 2020, thus increasing the ending Fund Balance for FY 2020.

*The public comment by Roy Arrigo and Mr. Morgan's response took place during the discussion of the O.L.D. Budget, but were moved to the appropriate location in the minutes in context to the Budget.

East Jefferson Levee District (EJLD) FY 2021 Budget:

Mr. Morgan pointed out that several major Capital Projects have been budgeted, including the pilot projects to mitigate the erosion along the Lake Pontchartrain foreshore protection.

Mr. Humphreys provided a brief update on the EJLD Lakefront Levee Foreshore Protection Erosion Control pilot projects. Durr Heavy Construction is currently grading an area in Reach 1 and an area in Reach 3, which will be backfilled. The pilot projects include the use of articulated concrete block, with Vetiver grass and Spartina grass, and light-weight High Performance Turf Reinforcement Matting (HPTRM) with grass seeding. If economically possible, hydro-turf matting will also be tested. Multiple tests and surveys will take place over a one-year period. The areas will be periodically monitored using drones. The performance of each of the materials and methods will be evaluated using multiple criteria in order to determine the best material and method to use moving forward on a wholesale basis. He estimated that a total of \$2.5 million (spread over four line items) has been budgeted for FY 2021 for the project. Additional promising options will be tested as part of the pilot projects.

Ms. Chandler advised that the total reduction to the EJLD Fund Balance is about \$4.8 million.

Flood Protection Authority (FPA) FY 2021 Budget:

Mr. Morgan inquired about the \$280,000 budgeted under Major Maintenance/Capital Improvements. Ms. Chandler advised that the funding was budgeted for the organization-wide software assessment and grant consulting services.

Mr. Morgan advised that with the one minor change to the LBBLD Budget, the Committee will recommend that the Board approve the budgets as presented.

There was no further business; therefore, the meeting was adjourned.