

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON SEPTEMBER 17, 2020**

PRESENT: Quentin D. Dastugue, Chair
Lambert J. Hassinger, Jr., Committee Member
Mark L. Morgan, Committee Member
K. Randall Noel, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on September 17, 2020, at the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Dastugue 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 August 20, 2020.

Public Comments: None

Regional Finance Director's Report:

Kelli Chandler, Regional Finance Director, reviewed the highlights of her report:

- The FPA financial audit is wrapping up and a draft report should be completed in the next couple of weeks. No findings or issues are expected.
- Finance provided support, including food and supplies, for the FPA's operations for Tropical Storms/Hurricanes Marco, Laura and Sally
- The Budget to actuals report for the fourth quarter were prepared using the FPA's new report writing software. The software is able to update reports in real time. The next step will be to provide the software to the end users and provide training on updating reports.
- The Purchasing Policy is being revised and updated and a draft is anticipated to be provided to the Finance Committee at its next meeting.
- Relative to the Fiscal Year (FY) ending June 30, 2020, the FPA was in line with the budget. The Orleans Levee District (O.L.D.) was \$14 million under budget, East Jefferson Levee District (EJLD) was \$3.5 million under budget and the Lake Borgne Basin Levee District (LBBLD) was slightly over budget. Therefore, the combined budget was \$17 million under budget. A \$7 million transfer from the O.L.D. to the U.S. Army Corps of Engineers (USACE) was budgeted in the FY 2020 Budget; however, the transfer took place at the end of FY 2019.

New Business:

A. Discussion of certification of ad valorem tax millage rates for the Lake Borgne Basin Levee District for calendar year 2020.

Ms. Chandler explained that property taxes in St. Bernard Parish decreased; therefore, the resolution provided to the Board for approval includes adjusted millage rates in order to collect the same amount of revenues as were collect for calendar year 2019.

Mr. Morgan noted that the State Legislature did not renew ad valorem tax exemptions for refineries, chemical plants, and other major industries. Therefore, the additional tax revenues from these major industries may continue for some time. For 2019 the LBBLD received about \$1.5 in revenues due to the expiration of these tax exemptions.

Mr. Hassinger inquired about options relative to the certification of the LBBLD millage rates. Ms. Chandler responded that the Board cannot adopt millage rates that are higher than the adjusted rates. The only option for collecting additional ad valorem tax revenues would be through the passage of a new millage by St. Bernard Parish voters. The adjusted millage rates (first column) that would result in the same revenues collected for 2019 are:

- 3.99 mils – Constitutional Tax (old rate was 3.91 mils)
- 4.45 mils – Maintenance Tax expires in 2020 (old rate was 4.36 mils)
- 3.13 mils – Maintenance Tax expires in 2044 (old rate was 3.06 mils)

Derek Boese, Chief Administrative Officer, recommended that the adjusted millage rates be approved by the Board in order to collect the same amount of revenue as for calendar year 2019. He stressed that these revenues are needed to continue LBBLD operations. A new tax millage was voted down by St. Bernard Parish voters on three different occasions (twice when the FPA attempted to pass a new tax millage and the third time last month when St. Bernard Parish attempted to pass a new tax millage for drainage). When asked about Hurricane Sally expenses, he noted that the LBBLD will incur an unanticipated cost (currently estimated at \$193,000) in order to clear the Caernarvon Gate sill.

Mr. Dastugue asked about the consequences should LBBLD's costs exceed its revenues. Mr. Hassinger responded that an option would to decrease services to the extent possible without putting lives at risk and that the monies to make up the difference would have to come from Orleans and Jefferson Parishes. He stressed that he was not advocating this option.

Mr. Noel inquired about whether the LBBLD would have sufficient millage after the pumping and drainage system is transferred to St. Bernard Parish Government. Ms. Chandler explained that the funds are needed in order to maintain the flood protection system at a higher standard. She pointed out that the Maintenance Tax of 4.45 mils expires in 2020. St. Bernard Parish Government attempted to pass a new millage in

last month for drainage that would have replaced the 4.45 mill tax; however, the referendum failed.

Mr. Boese advised that St. Bernard Parish had been collecting 11 mills for other purposes, which was expiring. Since the 11 mills would expire, the new tax of 8 mills for drainage would have resulted in a tax decrease of 3 mills for the citizens of St. Bernard Parish. The turnout for the election was about 13 percent and the new drainage tax failed by 67 votes.

Mr. Morgan pointed out that the LBBLD's budget balance has been spent down over the last several years and with the current trend the levee district will eventually be bankrupt. Mr. Boese noted that the calendar year 2020 tax collections would be received in January or February, 2021; however, after receipt of the 2020 calendar year tax revenues, the LBBLD would only be able to collect the remaining two millages (the 3.99 mill Constitutional Tax and the 3.13 mill Maintenance Tax). It was noted that monies from Orleans and Jefferson Parishes cannot legally be spent for pumping and drainage in St. Bernard Parish. Costs can only be shared across the districts for a shared purpose, such as flood protection.

Mr. Morgan offered a motion, which was seconded by Mr. Noel, to recommend that the Board adopt the adjusted millage rates for LBBLD. The motion passed with Mr. Morgan, Mr. Noel and Mr. Hassinger voting yea and Mr. Dastugue voting nay.

B. Discussion of proposed revisions to the Lake Borgne Basin Levee District FY 2020 Budget.

Ms. Chandler explained that the Board previously agreed to transfer \$3.6 million from the BP Oil Spill Settlement to the LBBLD in order to increase the LBBLD's fund balance. Two resolutions were provided for the Committee's consideration (one with the \$3.6 million transfer and the second without the transfer). Additional revisions included the increase in tax revenues due to the expiration of the tax exemptions, other revenues consisting of the Workers' Compensation Dividend, an increase in professional services for title work in preparing for the turnover of the pumping and drainage system, the cost of the cleanup of an oil spill in the wetlands, and an increase in Capital Projects for the Violet Canal North Realignment Phase I Project and Repairs to Pump Station 6 and 7, as well as the corresponding FEMA reimbursements (revenues). Mr. Morgan pointed out that most of the impact of the BP Oil Spill was in St. Bernard Parish.

Mr. Morgan offered a motion, which was seconded by Mr. Noel, to recommend that the Board approve the LBBLD budget revisions with the inclusion of the \$3.6 million transfer from the BP Oil Spill Settlement. The motion was unanimously adopted.

C. Discussion of Procedures for Electronic Vendor Payments dated October 17, 2020.

Mr. Morgan advised that last month the need for formal procedures adopted by both the Finance Committee and Board was brought up due to the increase in electronic payments. Ms. Chandler noted that the Procedures for Electronic Vendor Payments

include more controls than are in place for check signatures and proceeded with a review of the procedures.

A motion was offered by Mr. Noel, seconded by Mr. Morgan, and unanimously adopted to recommend that the Board approve the Procedures for Electronic Vendor Payments.

D. Review final budget to actuals for FY 2020 for all levee districts.

Ms. Chandler advised that the LBBLD was over budget for FY 2020 due to several Capital Projects and experienced a \$673,000 deficit. The original LBBLD FY 2020 Budget projected a deficit of \$2.1 million. However, due to the additional revenues, the LBBLD ended FY 2020 with a \$4 million fund balance. The O.L.D. was under budget due to the timing of some of its larger projects (e.g., Seawall Erosion Control Project) and the \$7 million transfer to the USACE that took place in FY 2019. The O.L.D.'s Operations and Maintenance costs were slightly over budget due to the purchase of some equipment and machinery in advance of the next FY. The EJLD was under budget \$3.5 million and had collected more revenues than expected. EJLD ended FY 2020 with a \$1.8 million surplus and an ending fund balance of \$35 million. The FPA was in line with the FY 2020 Budget.

There was no further business; therefore, the meeting was adjourned at 10:30 a.m.