

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MAY 20, 2021**

PRESENT: K. Randall Noel, Chair
Roy M. Arrigo, Committee Member
Mark L. Morgan, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on May 20, 2021, in the Joseph Yenni Building, Second Floor Council Chambers, 1221 Elmwood Park Blvd., Jefferson, Louisiana, Louisiana. Mr. Noel 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 April 15, 2021.

Public Comments: None

Regional Finance Director's Report:

Kelli Chandler, Regional Director, introduced John Burgess, Interim Finance Director. Mr. Burgess has 22 years of progressive experience in management and financial administration. In his most recent position, he served as a Controller for International Paper, where he played a key role in the annual budget, worked closely with other finance team members, and oversaw the daily processes and month end closing. Prior to that, he served ten years as a Controller and HR manager for Mississippi Tank Company, where he oversaw the accounting and human resource functions for the company, as well as led the conversion for a new EPR (enterprise resource program) system. He began his career at Nordan Smith, where he focused on accounts payable and fixed assets and served as lead auditor for the ISO 9000 quality management system. Mr. Burgess holds a Master's Degree in Business with an emphasis in Finance from Louisiana State University and a Bachelor's Degree in Economics from the University of Southern Mississippi. He is a Mississippi native and recently relocated to the New Orleans area to be closer to family.

Ms. Chandler reported on the following items:

- Sales from the auction of surplus equipment held in May totaled \$823,538.
- The Purchasing Policy has been updated for review by the Committee and submittal to the Board for approval.

- Ms. Chandler worked with HR staff to develop pre-storm training relative to FEMA reimbursements and time cards.
- Finance staff is reviewing the chart of accounts and fixed assets for conversion to the new Asset Management System acquired from Pronto.

New Business:

A. Discussion of the proposed roll forward/certification of the East Jefferson Levee District millage rate for calendar year 2021.

Ms. Chandler explained that two resolutions were placed on the Board's agenda: the first resolution would roll back the millage rate or retain the current millage rate, and the second resolution would roll forward the millage rate for the East Jefferson Levee District (EJLD). Should the Board choose to roll forward the millage rate, the additional revenue would be approximately \$354,000.

Mr. Arrigo suggested that considering the impact of COVID-19 over the past year and the stigma associated with increasing the millage rate, which would only achieve a small increase in revenue, that the Committee recommend that the millage rate not be rolled forward. Mr. Morgan concurred with Mr. Arrigo.

The Committee will recommend that the Board not roll forward the EJLD's millage rate.

B. Discussion of proposed updates/revisions to the FPA Purchasing Policy.

Ms. Chandler advised that the Purchasing Policy was updated to include authorization for the Accounting Manager (Peggy Sembera) to approve credit card transactions and to increase the approval level for the Director of Engineering to \$30,000. She noted that the Accounting Manager is not a credit card holder.

The Committee will recommend that the Board approve the updated Purchasing Policy.

C. Discussion of the proposed adoption of a resolution in support of divesting the Civil Defense Shelter property in Orleans Parish and to authorize the FPA Regional Director to take the steps precedent to a sale of the property, including but not limited to survey, title investigation, and appraisal of the property.

Ms. Chandler advised that Michelle White, Executive Counsel, was on her way to the Finance Committee meeting after attending an earlier meeting. She stated that they met with a person who is interested in potentially developing the Civil Defense Shelter property. In order to sell the property privately, certain criteria must be met, the first of which is the Board's demonstration of interest in selling the property. She stated that she understood that the motion on the Board agenda concerning the Civil Defense Shelter would be deferred since the Orleans representative on the FPA Board was unable to attend today's meetings. Mr. Morgan pointed out that there are environmental

issues regarding this property and that the Board must ensure that the appropriate due diligence is accomplished and the purchaser is informed about the issues so that he cannot institute litigation against the Board after purchasing the property. Mr. Noel commented that the issues include asbestos, lead and mold. He stated that the Committee would defer this item.

D. Investment Portfolio Update.

Mr. Noel advised that Richard Kernion with Edward Jones contacted him, as Treasurer, regarding the purchase of bonds (approximately \$10 million) with maturities in 2023 thru 2026 on behalf of the EJLD.

Ms. Chandler stated that she provided a copy of the FPA's current holdings in the package provided to the Committee. The FPA is taking a laddered approach regarding bond maturities and monies are reinvested as bonds mature. One bond matured in April and another will mature in May. The FPA seeks the best opportunities for reinvestments. LAMP (Louisiana Asset Management Pool) investments are very liquid; however, LAMP's returns have dropped significantly. At this time the intent is not to invest in bonds with maturities over five years, since interest rates should eventually increase. Currently, three and four-year maturities seem to be optimum for maximizing returns. The FPA has additional cash in LAMP should interest rates increase in the near future.

Mr. Noel further advised that he informed Mr. Kernion that he would discuss the investment opportunity with the Committee to determine whether Edward Jones should move forward with the purchase. Ms. Chandler commented that she and Mr. Burgess discussed market conditions and the potential bond purchase with Mr. Kernion. Mr. Noel stated that he would inform Mr. Kernion to proceed with the purchase.

E. Discussion of Third Quarter Budget to Actuals.

Mr. Noel asked about several Budget to Actual figures and Ms. Chandler provide an explanation regarding these items:

- Temporary employee agency expenditures (over budget) - Temporary employees were brought when several members of the Purchasing team simultaneously retired. The FPA is slowing hiring these employees permanently.
- Public Relations expenditures (increase) – A staff member was added to the Public Relations team replacing a former student worker and a contract was issued for services.
- Radios – This is a one-time budgeted expense.
- Miscellaneous Contract Services – Budget item includes required miscellaneous services or repairs (e.g., diving services for repairs to complex structures).
- Banking fees - This issue will be revisited with the bank to ensure the FPA is maximizing returns and minimizing fees.

- EJDL equipment purchases – Equipment purchases are a one-time expense. Deliveries take place months after purchases; therefore, the budget item should equalize by the end of the fiscal year.
- Insurance – Premiums are increasing agencywide. Permanent Canal Closures and Pumps (PCCP) and non-flood related insurance coverages renew in May and July, after the budget has been approved. Property and flood insurance increased more than anticipated due to the number of recent storms.

Mr. Morgan inquired about the collection of tax revenues. Ms. Chandler advised that the tax revenues for the Orleans Levee District were not received until April. The City of New Orleans was very late submitting the revenues and a large check was received from the City in April. Tax revenues for the Lake Borgne Basin Levee District (LBBLD) and EJLD were received. LBBLD tax revenues were more than anticipated. The St. Bernard Parish Government (SBPG) ad valorem tax referendum for drainage was passed by the voters. An update on the turnover of the LBBLD pump stations to SBPG would be provided in the Regional Director's Report to the Board.

Mr. Morgan noted that Capital Projects were \$10 million under budget. Ms. Chandler advised most of the facilities' projects will roll into next fiscal year or were deferred. The FPA is beginning to receive invoices for the contracts awarded in January.

Ms. White arrived at the meeting and Mr. Noel asked about her involvement with the proposed sale of the Civil Defense Shelter, other than protecting the Board from liability.

Ms. White responded that protecting the Board from liability is the main reason, as well as the routine upkeep and maintenance of the area. The property properly described is the area of the shelter and the grassy area slightly beyond the shelter. The FPA is not doing anything with the property; therefore, it can articulate a more general interest in returning it to commerce. The Civil Defense Shelter has not been used for the past 20 years for any purpose. She explained that this is entirely exploratory because the FPA does not know what it will find when it proceeds with a basic environmental-type audit. A 98-year lease with the City of New Orleans is currently in place. The FPA does not anticipate the City having an interest in continuing the lease. Staff wanted to determine whether the Board supported the sale of the property and whether a sale is possible prior to offering it for sale.

Mr. Noel pointed out that the lease with the City of New Orleans would have to be terminated. Ms. Chandler advised that based on her preliminary discussions with the City, she did not anticipate the City objecting to the termination of the lease.

Ms. White explained that the City had a Civil Defense Department that was tied to the State's predecessor to Homeland Security. The Civil Defense Shelter was used as an EOC for storm events.

There was no further business; therefore, the meeting was adjourned at 10:00 a.m.