

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON NOVEMBER 17, 2022**

PRESENT: Roy M. Arrigo, Acting Chair
Richard G. Duplantier, Jr., Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on November 17, 2022, in the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, LA. In Mr. Latiolais absence, Mr. Arrigo called the meeting to order at 9:55 a.m.

Opening Comments: Mr. Arrigo advised that he reviewed the 1st Quarter Budget to Actuals Report, which was submitted to Committee members, and that there did not appear to be any pressing issues.

Adoption of Agenda: The Committee adopted the agenda.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on October 20, 2022.

Public Comments: None.

Regional Finance Director's Report:

Denise Businelle, Regional Finance Director, provided the following updates:

- Fiscal Year (FY) 2022 Financial Audit: The final Audit Report had not been issued. The Report must be accepted by the Legislative Auditor and another committee with the Legislative Auditor's Office. The Auditors anticipate presenting the Report at the next meeting.
- PRONTO / Asset Management System: Staff is working with PRONTO to develop reports for Finance. The supplier portal, which will be used by vendors to submit information and invoices, is expected to be operational sometime between the first and second quarter of FY 2023.
- FY 2024 Budget: Work will begin in early January on the proposed budget. A draft of the budget should be presented to the Board at the February meeting.

New Business:

A. Presenting 1st Quarter Budget to Actual Data for Fiscal Year 2023.

Ms. Businelle advised that she emailed Committee members the Budget to Actuals Report for the 1st Quarter. A number of projects are just starting; therefore, there was not much activity in the first quarter. Many projects budgeted for FY 2023 will be

completed by the FY's end; however, some will continue into next year's budget. The \$27 million previously reported owed to the U.S. Army Corps of Engineers (USACE) for pre-Katrina expenses is under review and the issue may not be settled until after January 1. Basically, at this time everything is under budget. Budget fluctuations can be anticipated for several reasons, such as receipt of backordered vehicles, and an expense that is spread over the 12 month period may be invoiced in a single month.

Mr. Arrigo asked for an update on the insurance issue with the Lakefront Management Authority (LMA). Ms. Businelle explained that being new she was still learning the history of this issue; however, her understanding was that years ago property and flood insurance coverages for the LMA and FPA were combined. The FPA pays the premium for these coverages in July after receipt of invoices for the FPA, levee districts and LMA. The FPA then bills the LMA for the portion of the premiums for which it is responsible and the LMA reimburses the FPA. Over the years, disagreements occurred between the FPA and LMA over the amounts that each of the entities determined were owed. She advised that she had been in touch with Louis Capo, LMA Director, and that a meeting was held about a month ago with the insurance company to review the LMA's responsibilities. Another meeting is scheduled for Monday.

Ms. Businelle cited as an example the issue of premium cost responsibility for some of the common spaces in the Lakefront Airport Administration Building. Kelli Chandler, Regional Director, explained that the Memorandum of Understanding (MOU) between the FPA, on behalf of the Orleans Levee District, and the LMA provides that tenants are responsible for the premium cost for leased spaces, and allows this money to be collected by the LMA and passed through to the FPA. Some LMA leases state that the tenant is not responsible for the entire premium. In addition, the FPA has taken the position that the Airport Conference Room is a common space used by the tenants and that the LMA should charge the tenants for this responsibility and make it a part of their lease agreements. The FPA agreed to absorb the cost of common spaces for the general public, such as the Airport Atrium. Situations have occurred where the LMA did not bill tenants or a space was not fully occupied. The MOU is not entirely clear on the exact intent. The new Executive Counsel will be requested to review the MOU so that it can be cleaned up and ensure that such expenses are passed through and not made the responsibility of the LMA, except for the spaces occupied by the LMA.

Ms. Businelle advised that an issue came up at the last meeting with the insurance company related to leaseholds that are vacated by tenants. Ms. Chandler added that in some cases tenants had their own insurance coverage and then decide that they wanted the leasehold covered under the FPA/LMA insurance policy. The FPA must then add that property to the coverage and bill for reimbursement of the cost.

Mr. Arrigo noted that the issue is in negotiations and that some of the finer points of the MOU can be worked out. Ms. Chandler advised that the MOU was first negotiated in 2007 and renegotiated in 2018. Ms. Businelle reiterated that a meeting was scheduled for Monday (November 21) and stated that carrying the issue over fiscal years is a serious problem.

Randy Noel informed the Committee that the FPA's investment accounts will be reviewed in order to take advantage of rising interest rates, and that he, as President, and Jason Latiolais, Treasurer, will meet with the FPA's financial adviser to discuss this matter. Money will not be tied up long term as interest rates are anticipated to rise again. Ms. Chandler explained that the yield curve has been inverted; therefore, it would not be beneficial to tie up money long term. The money set aside for the pre-Katrina cost share to the USACE had to be kept liquid. Once this expenditure is settled, the portfolio will be reviewed and Ms. Chandler anticipated having an extra \$150,000 to \$175,000 from rising interest rates to invest annually.

There was no further business; therefore, the meeting was adjourned at 10:03 a.m.