

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MAY 18, 2023**

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

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on May 18, 2023, in the Joseph Yenni Building, Second Floor Council Chambers, 1221 Elmwood Park Blvd., Jefferson, La. Mr. Duplantier chaired the meeting in Mr. Latiolais' absence and called the meeting to order at 10:35 a.m.

Opening Comments: None.

Adoption of Agenda: The Committee adopted the agenda.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on April 20, 2023.

Public Comments: None.

Regional Finance Director's Report:

Denise Williams, Regional Finance Director, provided the following report:

- **Investments:** The FPA has about \$101 million in the LAMP account (including \$11.5 million reserved for Other Post-Employment Benefits as required by the State) and about \$76 million invested with Edward Jones. Currently, LAMP's daily yield is about 5.02 percent. Ms. Williams had discussed a \$2 million bond that will mature at the end of May with Edward Jones' representative and Randy Noel, FPA President, and a decision was made to transfer the \$2 million to the LAMP account due to LAMP's higher interest rate.
- **Workers' Compensation Audit:** The primary purpose of the recent audit is to ensure that the FPA is classifying employees correctly, which in turn assures that the FPA's Workers' Compensation calculations are correct.
- **Asset Management Software:** FPA staff is uncertain about whether the supplier portal will be completed by July 1st because of the inability to reach PRONTO staff due to their recent travel. FPA staff is also waiting on PRONTO's development of a reporting package, which has been in the works for about a year. Reports are being prepared manually by Finance staff instead of being run through PRONTO.
- **Lakefront Management Authority (LMA) balance due:** Ms. Williams reported that she and Mr. Noel attended a recent meeting with LMA staff regarding the balance due the FPA as a result of the 2018 Memorandum of Understanding.

She stated that an agreement was reached in 2018, which resulted in a large portion of the expenses being written off and \$1.3 million owed by the LMA to the FPA. The \$1.3 million should have been paid by December 31, 2021; however, the LMA still owes about \$800,000. Ms. Williams stated that she is still working with the LMA to collect this amount and that she has been in contact with Mr. Noel regarding this situation. The LMA has not denied the \$800,000 debt, but was unable to pay it due to a lack of funds.

- **East Jefferson Levee District (EJLD) roll forward-roll back of millage rate:** Tax year 2023 is the last opportunity to roll forward the EJLD millage rate (increasing the rate from 3.88 to 4.01 mills) prior to the next reassessment. The roll forward would provide about \$357,000 in additional revenue. Ms. Williams recommended that the EJLD millage rate be rolled forward.

Mr. Duplantier asked were there any options regarding the money owed by the LMA. Ms. Williams responded that Louis Capo, LMA Director, and an LMA Commissioner who attended the meeting asked Mr. Noel about options. The participants in the meeting agreed to meet again after this information was presented to the Committee.

Mr. Noel stated that there was a great deal of discussion at the meeting about who owned the assets and that ownership did not seem to be crystal clear. Kelli Chandler, Regional Director, advised that a statute specifically states that the Orleans Levee District (O.L.D.) owns the assets and that there was no question about ownership. Ms. Williams explained that Mr. Capo had asked since the O.L.D. owns the assets, why couldn't SLIP funds be used to pay for major maintenance projects. At this time the LMA must use its operating funds to pay for major maintenance projects; therefore, it does not have the money to pay other expenses. She pointed out that the LMA has kept up the quarterly payments for property and flood insurance.

Mr. Noel recommended that Mr. Capo provide an update at the next meeting. He added that the LMA is not receiving as much revenue from Lakefront Airport and the marinas as it had in the past, which affects the maintenance of the properties. In addition, some of the assets (e.g., parks) do not bring in revenue, but do have maintenance costs. Mr. Duplantier asked that Ms. Williams send a copy of the LMA's audit to the Commissioners and stated that the statute obligates the LMA to manage the properties, which is the reason SLIP funds cannot be used for LMA maintenance costs. Ms. Chandler stated that the reason the LMA exists is because the Legislature did not want the FPA to spend dollars on non-flood related assets. Ms. Williams pointed out that the LMA receives 0.61 mills of the SLIP revenues. Mr. Duplantier stated that the FPA should help the LMA become revenue neutral. Mr. Noel pointed out that it is difficult to make money at the Lakefront Airport because of the flooding caused by bad storms.

Mr. Cosse explained that given the history, he did not see any way that the LMA could pay the balance due and keep up with its capital needs. He asked about the possibility of forgiving the debt. Ms. Williams stated that \$2 million was forgiven when the meeting was held in 2018 and a balance of \$1.3 million was determined. The LMA was making

regular payments, but at some point they stopped because they could not keep them up. Mr. Cosse stated that considering the overall condition of the marinas and other capital needs versus the LMA's revenue stream, he did not think that the balance could be paid off. Mr. Duplantier responded that the LMA's audit should be reviewed and that he did not think the revenue stream was as small as Mr. Cosse thought. Mr. Arrigo commented that the amount of SLIP revenues that go to the LMA was a very arbitrary number and that there was not much science put into it; therefore, perhaps this could be considered. Mr. Duplantier stated that before SLIP revenues are considered, the Commissioners should look at how the assets are being managed and that everyone should review the audit. Mr. Fierke pointed out that the marinas and airport were drastically affected by COVID. Mr. Duplantier stated that the thing that concerned him was that the LMA was in the middle of negotiating a significant financially lucrative project (Pontchartrain Beach); therefore, he did not know that any moneys due should be forgiven when the LMA is creating resources through which it can pay the debt.

Mr. Noel stated that the Commissioners can study the audit and ask Mr. Capo questions at next month's meeting in order to determine where everything stands. He pointed out that at the end of the day, if the O.L.D. owns the assets, then preservation of the assets begins to make sense. If this is not happening, then the FPA needs to address it.

Wilma Heaton, Director of Governmental Affairs, explained that she has donated over 15,000 hours of personal time at night and on weekends trying to help keep the LMA afloat and that she has been involved with the O.L.D. since 1996; therefore, she was familiar with the community perspective. She stated that she would be happy to meet with any Commissioner to provide a factual perspective on the moneys, properties and challenges, as well as the quality of life issues. Pontchartrain Beach has been blighted for decades. Some very community minded business people have come together and formed a non-profit. The non-profit is currently negotiating a lease with the LMA. She stressed that this is not a money making venture, but does address a quality of life issue, and that some of the finest minds in the city are working on this project financially. The more the Commissioners understand the background and facts, the better they can help the community.

New Business:

A. Discussion of proposed roll forward/certification of the ad valorem tax millage rate for the East Jefferson Levee District for Tax Year 2023.

Mr. Duplantier stated that the Regional Finance Director recommended that the FPA Board roll forward (increase) the EJLD's millage rate for tax year 2023. This is the last opportunity to roll forward the rate prior to the next reassessment. He noted that the Board had rolled forward the millage rates for the Orleans Levee District.

The Committee will recommend that the Board roll forward the EJLD millage rate.

There was no further business; therefore, the meeting was adjourned at 10:50 a.m.