

MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MAY 1, 2008

PRESENT: Timothy Doody, Committee Member
Thomas L. Jackson, Committee Member

ABSENT: George Losonsky, Chairman
Sara Lee St. Vincent, Committee Member

The Finance Committee met on May 1, 2008, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, LA. In Mr. Losonsky's absence, Mr. Doody acted as Chair and called the meeting to order at 2:05 p.m.

Opening Comments:

Mr. Doody advised SLFPA-West has requested that the Orleans Levee District (O.L.D.) be audited separate and apart from the recently created Algiers levee District (A.L.D.). The purpose is to further discussion about a separation of the O.L.D. assets. The West Authority believes it has a claim to a certain amount of the O.L.D.'s assets; however, the East Authority believes that intent would have been specified in the legislation that created the A.L.D. last year. Discussion of this issue will continue.

Adoption of Agenda: The agenda was amended to include two additional items: Item 3—to consider requesting Board approval for the issuance of an RFP for the replacement of O.L.D. Financial Management Software, in accordance with the Authority's Policy for Qualifications Based Selection of Consultants, and Item 4—a motion to accept the Finance Committee Chair's recommendation for an actuarial firm to perform benefits calculations for the O.L.D. and East Jefferson Levee District (EJLD). The amended agenda was adopted.

New Business:

2. LWCC return of funds to the LLBLD and EJLD.

Ms. Susan Paisant with LWCC advised for the fifth consecutive year LWCC will be returning dividends to its policyholders. Over the past five years dividends in the amount of \$114 million have been returned to policyholders and \$45 million will be returned this year. She presented dividend checks in the amounts of \$36,754 to the EJLD and \$36,482 to the LBBLD. Since start of business in 1992, LWCC has been able to lower rates over 40% and a rate decrease is anticipated this year.

Old Business:

1. Discussion of refinancing Orleans Levee District bonds pursuant to R.S. 38:330.8(B)5.

Mr. Doody reported he has been in discussions with Bond Attorney Jarrell Godfrey, who has officially responded to many questions the Bond Commission has asked in advance

of its upcoming May 15th meeting. The Committee discussed the possibility of adjusting the starting time for the May 15th Board meeting in order for representatives to be present at the Bond Commission meeting.

New Business:

1. Discussion of requirements for levying ad valorem taxes in a re-assessment year for LBBLD and EJLD.

In a re-assessment year the Board must adjust ad valorem tax millage rates (roll back) as mandated by statute; however, rates can be rolled forward to the prior year's rates by 2/3's approval of the Board's voting membership, but only after a public hearing is conducted in accordance with the applicable statutes. The Committee discussed some of the new requirements mandated by recent legislation for the public hearing; i.e., advertising notice of the public hearing indicating date, time and place twice in the official journal and a journal of larger circulation, if any, before July 15th of the Board's intent to consider a roll-forward of ad valorem tax millage rates, in addition to explicit formatting and placement requirements for the public notice, and the mandated press release and notice to assessors.

The Committee discussed information that will be needed from the assessors for evaluation, along with possible dates in August for a public hearing to be held in Jefferson Parish for the EJLD and St. Bernard for the LBBLD. Peggy Sembera and Shannon West will coordinate the language for the public notices for the LBBLD and EJLD, respectively.

The Committee will recommend that the Board approve the advertisement of the public hearing notice for the EJLD and LBBLD.

3. Approval for the issuance of an RFP for the replacement of O.L.D. Financial Management Software, in accordance with the Authority's Policy for Qualifications Based Selection of Consultants.

Jim Bollinger distributed a copy of the proposed RFP and explained there was a question, since computer consultants are not listed, as to whether or not this particular transaction was subject to the Policy for Qualifications Based Selection of Consultants. The RFP is for the purchase of software and hiring a consultant. An RFP process will be utilized due to the potential cost of the software and installation and the need to evaluate software factors and performance to assure it will meet the O.L.D.'s needs.

Mr. Doody added, various lines of software have been reviewed. The O.L.D. believes it has a need for software that will do automatic enterprise accounting. The O.L.D. is currently spending approximately \$100,000 per year on maintenance of its current outdated software. The potential cost for new software and installation could be about \$75,000.

Mr. Jackson stated interpretation of bylaws and policy should be at the Board level. He offered a motion that the Committee recommend to the Board that its interpretation of Qualifications Based Selection of Consultants include the purchase and installation of

financial software and similar activities. The result would be that the procurement of this software would be through an RFP process versus a bid process.

4. A motion to accept the Finance Committee Chair's recommendation for an actuarial firm to perform calculation of benefits for the O.L.D. and EJLD.

Mr. Jackson offered a motion, which was approved by the Committee, to recommend the Finance Committee Chairman's selection of Rebowe and Fontenot, LLC to the Board for the Actuarial Study and that it authorize the Regional Director to negotiate a final fee and contract. He advised that he spoke to Mr. Losonsky prior to the meeting about the detailed review performed of the submittals and his discussions with Mr. Bollinger, and the conclusions reached about the firm having the most experience.

Informational Items:

Ms. Sembera informed the Committee that the LBBLD is advertising a request for bids for the purchase of a heavy equipment trailer and a resolution will be needed for Board approval to authorize the LBBLD Executive Director to approve the lowest responsive bidder.

Mr. Doody advised a proposers meeting will be held by the Legislative Auditor on Thursday, May 22nd at 10:00 a.m. in the SLFPA-E's office at which time potential auditors will have the opportunity to ask questions to determine their interest.

Public Comments:

Mr. Damon Burns explained Morgan Keegan is an investment firm specializing in underwriting municipal debt and his understanding was that the Board is evaluating the possibility of a bond restructuring and offered the services of Morgan Keegan to look at potential scenarios and offer advice at no cost. He also understood there may be some perceived difficulties in today's market.

Mr. Doody explained the legislative mandate for the attempt to refinance the O.L.D.'s debt and that in all likelihood the Bond Commission will not approve the refinancing of this debt due to the affects of Hurricane Katrina and other issues.

There was no further business, therefore, the meeting was adjourned at 2:55 p.m.