

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON AUGUST 7, 2008**

PRESENT: George Losonsky, Chairman
Timothy Doody, Committee Member
Thomas L. Jackson, Committee Member

ABSENT: Sara Lee St. Vincent, Committee Member

The Finance Committee met on August 7, 2008, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Chairman Losonsky called the meeting to order at 2:03 p.m.

Opening Comments: None.

Adoption of Agenda: The agenda was adopted as presented.

Public Comments: None.

Old Business:

A. Report on building a Safe-house/IT/EOC Build Out in the Orleans Levee District (O.L.D.) Franklin Facility.

Gerry Gillen, O.L.D. Chief Engineer, reported he contacted Murray Architects about determining the wind loads on the existing warehouse building and with the interior build out and whether there would be fees associated with this work. Murray Architects is still working on this endeavor and is attempting to do this determination at no cost. He requested that this item be deferred.

New Business:

B. Award of Franklin Avenue Warehouse Center Section Roof Replacement. (O.L.D.)

Mr. Gillen explained that the Franklin Avenue Warehouse received substantial roof damage from Hurricane Katrina. This is the original roof placed on the building when it was constructed in the early 1980's. The northern third section of the roof, which was the most severely damaged portion, was replaced just after Katrina. The O.L.D. has been in negotiations with the wind damage insurer and has received \$636,000 towards the remaining portions of the roof; i.e., the middle and south sections. He noted that this payment can be challenged. Ten bids were received for replacement of the middle section of the roof. The lowest bid must be rejected due to the bidder's failure to sign the

required bidder's experience form; therefore, Mr. Gillen recommended that a contract be awarded to the next lowest bidder, the Ellis Company, in the amount of \$825,800. Architect fees for design and construction management are \$58,412. Funding has been dedicated in the SLIP Fund Major Maintenance/Capital Improvement Budget for the difference between the actual cost and moneys received from the insurer. Mr. Gillen was requested to contact Robert Lacour, Interim Counsel, relative to the wind damage insurance policy.

The Committee concurred that a recommendation be submitted to the Board to award a contract to the lowest responsive bidder, the Ellis Company, in the amount of \$825,800.

A. Discussion of renewal of Property Insurance Coverage for Lake Borgne Basin Levee District (LBBLD).

Property insurance coverage for the LBBLD expires on August 30th. The LBBLD has \$7.3 million of property on its property schedule. Harvey Edgecombe with Arthur J. Gallagher Risk Management Services reported a renewal quote has been received from the current carrier, A.I.G., in the amount of \$94,500, which is a 10 percent reduction from last year's premium of \$105,000, including taxes and fees. Quotes are anticipated from three additional companies; therefore, the A.I.G. quote would be a ceiling. It was pointed out that the cost of property insurance premiums is driven by the type of structure and location.

C. Discussion of purchase of two bush hogs (15-Ft. Woods cutters) on State contract. (LBBLD)

Jason McCrossen, LBBLD Executive Director, advised two quotes were received off of State contract from Ascension Equipment and Lee Tractor for the purchase of two 15-ft. cutters to replace two old units. The Ascension Equipment (Woods) quote of about \$14,000 is approximately \$1,800 less and a better warranty is offered. LBBLD staff viewed the Ascension equipment at the Pontchartrain Levee District where it is currently being using and discussed it with their staff.

The Committee concurred that a recommendation be submitted to the Board to award the purchase of two 15-ft. Woods cutters to Ascension Equipment.

D. Discussion of equipment purchases (extended cab pick up truck, tractor truck, John Deere utility tractor and compact skid loader) by East Jefferson Levee District.

Fran Campbell, EJLD Executive Director, distributed and reviewed a listing of the equipment to be purchased; i.e., ¾ ton 4X4 pick up truck, utility tractor, skid loader and tractor truck. All items are under either State or Parish Contract and are less than the budget estimates. The Committee discussed the need for this replacement equipment.

The Committee concurred that a recommended be submitted to the Board for the purchase of this equipment.

E. Update by District Executive Directors on the audits of the Districts and the Authority.

Fran Campbell advised the auditing of the EJLD has been completed.

Peggy Sembera, LBBLD Admin. Assistant, advised the auditing of the LBBLD has been completed. The only outstanding issue is the booking of GASB 45 data.

Jim Bollinger, O.L.D. Comptroller, explained a trial balance was provided on Friday to the Auditor for the O.L.D. Flood Division. He anticipated finishing the Flood Division's numbers by the end of the week; however, the financial statements may not be completed until August 25th. The audit deadline is September 1st. The Non-Flood Division has been meeting independently with the Auditor and anticipates completing its numbers by August 15th. At that point the two organizations which are not integrated will have to find a way to put their adjusting journal entries together to move from a governmental financial statement to a full accrual financial statement, which is anticipated to take another week.

The Committee discussed the unofficial bill submitted by the Flood Division to the Non-Flood Division for support services and materials used by the Non-Flood Division. Mr. Bollinger explained the difficulties involved with this bill and in booking this entry. The Non-Flood Division's continuing use of Flood Division resources was discussed. The Committee decided that a meeting would be scheduled with Commissioner of Administration Angele Davis, Mr. Doody, Mr. Losonsky, Mr. Bollinger and Non-Flood Division Director Louis Capo in order to resolve the outstanding issues, which includes the current invoice, the need for a billing schedule and the continued use of Flood Division resources.

Mr. Bollinger advised that GASB 45 data is not expected to be received until August 25th due to difficulties encountered because of the Flood/Non-Flood split. The Committee discussed an advanced notification for extension of the audit.

Wilma Heaton, SLFPAE Executive Assistant, advised that after the Auditor is completed with the levee districts, the audit of the Authority will commence.

F. Update by Jim Bollinger, O.L.D. Comptroller, on the Request for Proposals for Financial Accounting and Management Software.

Mr. Bollinger reported that a Request for Proposals has been issued and proposals are due on August 28th. A meeting was held on July 31st with potential respondents. Three potential respondents attended the meeting; one respondent from Virginia did not attend, but wrote to the District. The respondents were advised that the project budget is \$75,000 and that the submittal of a not-to-exceed price would be required. The top

three respondents will be selected on September 8th and vendor presentations will take place from September 15 – 19. A recommendation will be submitted to the Board for approval on October 16th. Two price proposals have been requested, one for meeting a January 1st installation date and a second for a less time intensive installation, and the cost-benefits for each will be examined.

Mr. Bollinger advised the O.L.D.'s current vendor has been requested to cancel the service contract on the data base support, which is currently costing approximately \$60,000 per year. He was requested to poll the O.L.D. department managers relative to their monthly use of applications support to determine whether that service contract should be continued or the O.L.D. use this support on a time/maintenance basis.

G. Report on State funds received for the Authority and current balance/money due.

Mr. Bollinger reported the current bank balance is approximately \$175,000. The FY'09 expense budget net of reimbursements is \$708,700. The required FY'09 budget format and a request for a 27½ percent funding draw, which includes a 2½ percent cash buffer, has been submitted the Department of Natural Resources (DNR). The first quarterly payment should be received after revisions are made in accordance with DNR instructions and the appropriate form is signed. The chart of accounts recommended by the Legislative Auditor, which can also provide a base for uniformity across the levee districts, is being utilized. Mr. Bollinger advised that DNR has asked that expenses be shown in the report only to the extent of \$500,000 and he explained which expenses are being included.

Upcoming Public Hearing and Committee meetings.

Mr. Doody directed Ms. Campbell to contact the Commissions relative to attendance at the upcoming August 27th Public Hearing concerning EJLD ad valorem tax millage.

The Finance Committee concurred that its future meetings would be held at 11:00 a.m., or following adjournment of the Legal Committee meeting, which starts at 10:00 a.m.. Due to a conflict with an Association of Levee Boards' meeting, the next Legal and Finance Committee meetings will be held on Wednesday, September 3rd. Mr. Lososky advised he would contact the Legal Committee Chair regarding this change in schedule.

There was no further business, therefore, the meeting was adjourned at 3:17 p.m.