MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON OCTOBER 30, 2008

PRESENT: George Losonsky, Chairman

Due to the lack of a quorum, an informational meeting was held on October 30, 2008, at 11:22 a.m., in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana.

Opening Comments: None.

Adoption of Agenda: The agenda was approved.

Public Comments: None.

A. Discussion of Orleans Levee District health insurance proposals and dental care plan proposals.

Mr. Stevan Spencer, Orleans Levee District (O.L.D.) Executive Director, explained that the O.L.D.'s current health insurance coverage with United Healthcare expires on December 31st. A spreadsheet showing the options offered by United Healthcare (UHC) was presented with costs that included both the Flood and Non-Flood Divisions. The Flood Division's estimated share of the cost is 70-75%. UHC has offered to renew the current coverage at a cost increase of 18.09% and Alternate 1 coverage at a cost increase of 17.93%. Alternate 1 differs slightly from the current coverage in that Alternate 1 provides for an increase in the Out of Network Out of Pocket maximum costs ($1,000 for individual and $2,000 for family). O.L.D. employees currently contribute towards the cost of health insurance coverage. Mr. Spencer recommended the selection of Alternate 1 coverage with the 17.93% increase in cost to be absorbed by the O.L.D.

Mr. Spencer advised that information was also provided on an HDHP option which the District may want to consider next year and requested that Mr. Wayne Francingues explain the plan.

Mr. Francingues advised that HDHP is a High Deductible Health Plan. Under the Internal Revenue Service's new rules, a qualified HDHP allows people to set up a health savings account; however, a health savings account is not required to be set up for the HDHP. Under the UHC HDHP a single person must spend $2,000 and a family $4,000 before the plan kicks in. All costs, such as doctor visits, tests, hospitalization, etc., are paid for by the individual at the discounted UHC approved rate; however, once the $2,000 deductible is met, costs are paid at 100% (e.g., no office visit or drug co-payment). Preventative well care and tests are covered at 100% by the plan and not applied towards the deducible. He noted that the Out of Network benefits under the UHC plan are different, however, there is very little use of Out of Network services by O.L.D. employees. He pointed out that the HDHP allows people to take more control of their health care and is growing in popularity; however, it requires education. Mr. Francingues recommended that should the O.L.D. be interest in a HDHP option for next year that he or his colleagues be given the opportunity throughout the coming year to introduce people in groups to the concept at whatever meetings may be available. He anticipated being able to place two plans on the table next year in order to provide a choice for individuals employees.

Mr. Francingues explained that the current dental plan provider, Crescent Dental, has offered to renew coverage at the same rates. United Healthcare (UHC) has offered a comparable dental plan with rates approximately $350 less per month (approximately $4,000 annual savings on the premium). In addition, UHC offers packaged savings so that when another product, such as dental or vision, is purchased, UHC will provide a $5 per head discount on the health care plan for each month for the first twelve months as long as 75% of the people in the health plan are enrolled in the additional product. For example, the packaged savings discount would be $1,000 for 200 people (first year only).

Mr. Francingues noted that Crescent Dental has been the O.L.D. dental plan provider for about eight years with minimal rate increases and has done a good job. A discussion ensued concerning whether the O.L.D. should stay with the current carrier or select the UHC dental plan.

Mr. Francingues explained that United Healthcare (UHC) also has an optional vision plan. Participants pay a co-pay for eye exams and glasses. The rate for a single employee is $8.60 per month. It was recommended that the O.L.D. pay the cost for employee participation in the vision plan and be provided the option for family participation at his/her cost. Since the O.L.D. would have full employee participation in the vision plan, it would receive a $5 per head discount on the health care plan for each month for the first twelve months under packaged benefits.

The consensus was that the recommendation to the Board should be the UHC Alternate 1 for health care and the UHC vision plan as discussed. Both the Crescent Dental and the UHC dental plan would be presented to the Board for discussion.

B. <u>Discussion of recommendation for millage action for Orleans Levee District.</u>

Mr. Jim Bollinger, O.L.D. Comptroller, explained that surpluses are indicated in 2008 mainly because the State is currently paying the O.L.D.'s debt service, personnel have not been increased to meet new responsibilities, and $2.3 million of mineral revenue was included which should not necessarily be replied upon for future operations. He recommended a full roll forward of the General Fund tax, but not the SLIP Fund tax. As a result of the 1984 Bohemia Spillway legislation, the SLIP fund tax, which expires in 2015, has been contributing almost $4 million per year to keep the General Fund financially solvent. He discussed the need for the O.L.D. to have enough monies coming from general revenues to fund on-going general maintenance. With the exclusion of $2.3 million of mineral revenues, the addition of post employment benefits estimated at a cost of $1 million, the increase in health care costs and $3.3 million of debt service, the pro forma General Fund deficit is $3.9 million. If the General Fund tax is rolled forward to the 2007 rates, the O.L.D. would receive an additional $3.6 million of General Fund revenues. The SLIP Fund is currently not paying the annual SLIP debt service of $6 million. This payment will recommence in 2010. Major maintenance of $2.5 million is included in this year's SLIP Fund. Therefore, the SLIP fund surplus this year of $13 million will be reduced to $5 million. He pointed out, however, that the SLIP fund cannot support significant new initiatives.

Mr. Losonsky pointed out that the numbers provided did not take into account the hiring of additional new required employees and that a transfer from the SLIP Fund may be necessary to take care of the O.L.D.'s staffing needs. Mr. Spencer added that additional personnel are needed for both maintenance and storm response. In addition, as projects escalate, additional professional engineering and technical staff will be needed.

Mr. Losonsky requested that the O.L.D. staff provide the Board with validated options based on specific needs.

C. Discussion and update of Orleans Levee District software replacement.

Mr. Bollinger requested that this item be deferred to next month's meeting. There was a general discussion on the type of software being sought and the capabilities needed.

D. First Quarter SLFPA-E Financials.

Mr. Bollinger distributed a copy of the first quarter SLFPA-E financials.

E. Award of contract for floodwall joint repairs. (O.L.D.)

Mr. Spencer explained that bids were solicited in accordance with the public bids laws for the repair of floodwall expansion joints and exterior seal installation at 23 locations. Five bids were received ranging from $31,000 to $175,000. The lowest responsive bid of $31,000 was received from Western Waterproofing Co., Inc. Under the O.L.D.'s Public Works Policy, contracts under $50,000 can be awarded without Board approval. The Authority does not have a policy on public works contracts.

Mr. Losonsky requested that Mr. Spencer have legal counsel review the matter to assure legal correctness and that it be brought to the attention of the Regional Director.

There was no further discussion, therefore, the meeting was adjourned at 12:40 p.m.