

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON JULY 9, 2009**

PRESENT: Stephen Estopinal, Chairman  
Timothy Doody, Committee Member

ABSENT: Thomas L. Jackson, Committee Member  
George Losonsky, Committee Member

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The Finance Committee met on July 9, 2009, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 11:08 a.m.

**Opening Comments:** None.

**Adoption of Agenda:** The agenda was adopted as presented.

**Approval of Minutes:** The minutes of the June 4, 2009 Finance Committee meeting were approved.

**Public Comments:** None.

**Old Business:**

**A. Discussion of Orleans Levee District (O.L.D.) Excess Flood Insurance for the Franklin Avenue Warehouse.**

Gerry Gillen, O.L.D. Executive Director, explained that the primary flood insurance coverage with limits of \$500,000 for the Franklin warehouse building and \$500,000 for contents was approved at the last meeting. A quote had been received for surplus flood insurance coverage of \$4 million for the building and \$1 million for contents at a cost of \$34,319. The Board requested that additional quotes be obtained for lower limits of surplus coverage. The warehouse building is constructed primarily of steel and cinder block. Lexington Insurance, the surplus line carrier, provided three additional options for excess coverage. Mr. Gillen recommended Option 2 which provides surplus coverage of \$1 million for the building and \$1 million for contents at a cost of \$14,437.

A motion was offered by Mr. Doody and adopted to forward the recommendation of Option 2 coverage to the Board for consideration.

**B. Discussion of East Jefferson Levee District (EJLD) life insurance coverage.**

Jonell Blowers, EJLD Administrative Assistant, advised that last month the Committee requested that a quote be obtained for life insurance coverage of one times Base Annual Earnings up to \$50,000. The quote was obtained and the coverage, which

would be provided by Prudential, would result in savings of \$480 per month over the current coverage. Spouse and dependent child benefits would remain the same as the existing coverage. Coverage reduces by 35% at age 65 and by 50% at age 70.

A motion was offered by Mr. Doody and adopted to recommend the proposed coverage of one times Base Annual Earnings up to \$500,000 to the Board for approval.

### **New Business:**

#### **A. Discussion of renewal of EJLD General Liability, Automobile and Commercial Crime Insurance coverages.**

Hardie Edgecombe with Arthur J. Gallagher Risk Management Services, Inc. advised that the General Liability Insurance coverage limits are \$1 million per occurrence with a \$2 million aggregate and a \$25,000 deductible. All coverages remain the same as the expiring coverages; however, Employee Benefits Liability coverage has been added. The exposure base has increased; however, the rate has decreased. Therefore, the cost of coverage with ACE Insurance Company remains at \$71,754.

Mr. Edgecombe explained the type of coverage provided under Commercial Crime Insurance, which includes forgery alterations, money and securities on premises and computer fraud. He advised that there was a 5% reduction in the premium rate per vehicle for Auto Liability Insurance; however, the number of vehicles has increased.

A motion was offered by Mr. Doody and adopted to recommend the proposed coverages to the Board for approval.

#### **B. Discussion of renewal of Lake Borgne Basin Levee District (LBBLD) General Liability, Auto, Hull and P & I, and Vessel Pollution Insurance coverages.**

Mr. Edgecombe explained that General Liability Insurance coverage limits for the LBBLD were increased to \$2 million per occurrence with a \$5 million aggregate and a \$25,000 deductible. This increase was required by the Norfolk Southern Railroad for a Corps of Engineers' contract. Employee Benefits Liability coverage has been added. The exposure base increased slightly, however, the rate decreased. The expiring premium was \$92,262 and the renewal premium is \$92,290.

Mr. Edgecombe advised that the rate per vehicle for Auto Liability Insurance coverage decreased by 5%; however, the LBBLD purchased several additional trucks.

Mr. Edgecombe recommended that the LBBLD switch carriers for Hull and P & I Insurance from State National Insurance to Great American Insurance. The expiring premium is \$26,912 and the new premium will be \$18,850. The new carrier will provide the same amount of coverage with better deductibles. Mr. Edgecombe also recommended that Vessel Pollution coverage be obtained from Great American Insurance. The coverage limit is \$1 million with no deductible at a premium of \$1,400.

Mr. Edgecombe explained that coverages are being configured so that they expire on one of two dates; i.e., July 19 or January 1. Therefore, the Property Insurance coverage would be a short term policy commencing on 8/30/09 and ending on 7/19/10. The rates for this coverage are the same as the expiring rates; however, the premium has increased slightly due to the higher value of the new LBBLD building. There is a 3% deductible for named storms with a minimum deductible of \$100,000. The limit of coverage is \$8,328,500 in accordance with the schedule. The pump stations are included in coverage. The expiring premium is \$64,944 and the proposed premium is \$65,521 plus State tax.

A motion was offered by Mr. Doody and adopted to recommend the proposed coverages to the Board for approval.

### **C. Discussion of renewal of O.L.D. General Liability Insurance coverage.**

Mr. Edgecombe advised that the limits of General Liability Insurance coverage for the O.L.D. were increased to \$2 million per occurrence with a \$5 million aggregate as required by the railroad for Corps of Engineers' contracts. Coverages remain the same as the expiring coverages. Employee Benefits Liability coverage has been added. Premium rates decreased; however, the exposure base increased. The expiring premium was \$120,505 and the proposed renewal premium is \$120,412.

The Committee discussed the \$25,000 deductible. Mr. Edgecombe was requested to investigate a higher deductible for the O.L.D. General Liability Insurance.

A motion was offered by Mr. Doody and adopted to recommend the renewal of coverage with ACE Insurance Company to the Board for consideration.

### **D. Discussion of revisions to O.L.D. FY 09 Budget.**

Jim Bollinger, O.L.D. Comptroller, distributed a copy of the Budget Comparison for FY 2009. He explained that a full roll forward of the SLIP ad valorem tax millage (6.55 mills) was budgeted in the Special Levee Improvement (SLIP) Fund Budget; however, the SLIP millage rate was only rolled forward to 4.95 mills. Therefore, SLIP fund revenues were \$3 million less than anticipated when the budget was approved. Mr. Bollinger advised that he would contact the Legislative Auditor to determine whether the Board would be required to approve a SLIP Fund Budget revision.

The Committee briefly discussed legislation passed at the recent Legislative session concerning the rolling forward of ad valorem tax millage rates.

### **E. Review of Compliance Questionnaires for SLFPA-E and levee districts.**

The Committee requested that the Compliance Questionnaires be reviewed and revised to assure consistency. The Compliance Questionnaires require Board approval.

There was no further business; therefore, the meeting was adjourned at 11:45 a.m.