

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON OCTOBER 1, 2009**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member
George Losonsky, Committee Member

The Finance Committee met on October 1, 2009, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Chairman Stephen Estopinal called the meeting to order at 8:53 a.m.

Opening Comments: Mr. Estopinal reminded everyone that a millage renewal election will be held on October 17th in St. Bernard Parish for the Lake Borgne Basin Levee District (LBBLD). The 4.27 mill tax will generate about \$1.5 million for the LBBLD, which is about one-third of its revenues. Even with the passage of this tax renewal, the LBBLD will not have enough funds to pay for safe houses for its employees who remain on duty during storm events. The LBBLD is currently operating at an annual deficit of approximately \$1 million. The LBBLD has been utilizing emergency surplus funds to fund the deficit; however, those funds will run out. He urged the public to seriously consider this important tax renewal for the LBBLD.

Mr. Estopinal advised that the Orleans Levee District is in the process of retiring some of its bonds, which will generate a savings of about \$9 million for the tax payers of Orleans Parish over the prospective life of the bonds.

Adoption of Agenda: The agenda was adopted as presented.

Approval of Minutes: The minutes of the September 3, 2009 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Presentation on Orleans Levee District Health Insurance Savings Plan by Wayne Francingues.

Carol Kiefer, Orleans Levee District (O.L.D.) Safety-Risk Manager, explained that the purpose of the presentation is to provide information about an option that the O.L.D. is currently considering under its health insurance plan. Several meetings have been held to introduce employees to the concept of a health savings account plan, which is anticipated to be offered with the renewal of coverage. The health savings account plan can be implemented with the participation of one or more employees. Proposals for renewal of health insurance coverage will be received in November or December.

Wayne Francingues with the Francingues Financial Group and Besselman & Associates advised that the O.L.D. health insurance program will be renewed on January 1st. Due diligence is performed each year by looking at all the plans and options that are available from all insurance carriers. High deductible health plans are currently being looked at by the U.S. Congress. At this point a high deductible health plan is being considered as a potential option for employees. He stated that pre-renewal meetings have been held with O.L.D. employees and there has been good reception. Employees were urged to look at their personal expenses to determine whether the plan would fit their needs as individuals or families. He stressed that this is not a way for the O.L.D. to save money. Savings generated by a premium reduction when a point of service plan is placed next to a high deductible plan is not a true incentive to employees unless the Board is willing to consider applying some of the savings to the health savings accounts of the individuals who elect the plan.

Mr. Francingues played a brief film that explained the benefits of a Health Savings Account (HSA) plan and how the plan works.

A HSA plan consists of two plans: a qualified health plan with a high deductible (HDHP) and a health savings account (HSA). A HDHP is a qualified health insurance plan offered by a health provider, which generally provides higher deductibles than traditional plans in exchange for lower monthly premiums. An individual must be enrolled in a qualified HDHP in order to open a HSA. An HSA is a special kind of tax advantage savings account. Monies in a HSA can be used to pay for health care expenses before insurance benefits kick in. A HSA is a portable account and monies in the account roll over from year-to-year. Monies in a HSA can be invested like monies in a 401K account. Contributions can be made to a HSA up to the allowable limits, which are adjusted each year for inflation. The allowable limits for calendar year 2010 are \$3,030 for an individual or \$6,150 for a family. An additional catch-up contribution of \$1,000 may be made by or on behalf of individuals between 55 and 65 years of age.

Mr. Francingues explained that individuals involved in a HDHP control the money spent on their health care and make more conscientious choices. He pointed out that United Health Care (UHC) was the only carrier that would provide a quote for O.L.D. coverage last year. However, UHC provided options for a number of different programs, including a HDHP. The Committee was provided with a comparison of the premiums and schedule of benefits for the current point of service (POS) plan and the HDHP offered by UHC for 2009. Mr. Francingues explained the potential exposure for individuals and families under a POS plan and HDHP. He reiterated that individuals are urged to educate themselves, consider each plan and determine which plan would work best for them. O.L.D. employees pay a portion of the premium for health insurance coverage. An incentive would be provided to individuals to select the HSA plan by contributing some of the O.L.D.'s savings in premium to the HSAs.

Mr. Estopinal commented that he currently participates in a HSA/HDHP and urged that the plan be strongly considered because it is an employee benefit.

Mr. Francingues advised that a HSA/HDHP would be provided as an alternative to the POS plan and that each employee would choose the plan in which he/she wishes to

participate. He explained that the same network, provider list and negotiated discounted prices available under the POS plan are available under the HDHP. Eligible covered expenses are the same under both the POS plan and HDHP. IRS rules dictate the eligible expenses that can be paid from the HSA. He stressed the importance of staying within the network under a HDHP; otherwise there are no cost controls. The HSA/HDHP can only be selected at the policy anniversary and individuals are locked-in until the following anniversary date.

Mr. Doody requested that the other levee districts also consider the option of a HSA/HDHP. Mr. Losonsky agreed that the HSA/HDHP would be a good option for the levee districts to consider. However, he expressed a concern about the potential effect of a HDHP on the premium evaluation for the traditional POS plan. Mr. Francingues indicated that premiums would be based on the claims experience of both plans and would depend on the individuals participating in the plans. In order to determine future renewal premiums, insurance carriers would look at the amount of claims and amount of premiums for both plans and determine how much would be needed in premiums.

Gerry Gillen, O.L.D. Executive Director, advised that the premiums for each plan will be brought to the Finance Committee for review and consideration of HSA contributions.

B. Discussion of renewal of Orleans Levee District Automobile Liability Insurance for period 11/-01/09-11/01/10.

Ms. Kiefer advised that Morrison Insurance Agency and Arthur J. Gallagher Risk Management Services shopped seven markets for O.L.D. Automobile Liability Insurance Coverage. Many of the insurance carriers will not insure police or emergency vehicles. The incumbent carrier, Redland Insurance, provided two options: Option A with a zero deductible at an annual premium of \$144,635 and Option B with a \$5,000 per occurrence deductible at an annual premium of \$119,970.

The O.L.D.'s recent loss experience was reviewed. Mr. Gillen recommended the selection of Option B coverage. The premium will be pro-rated between the Flood and Non-Flood Assets Divisions.

The Committee adopted the recommendation for the selection of Option B coverage with Redland Insurance for presentation to the Board.

Tim Jarquin, LBBLD Executive Director, informed the Committee that a resolution will be drafted for Board approval of a Cooperative Endeavor Agreement with the State of Louisiana, Facility Planning, involving Capital Outlay Funds.

There was no further business; therefore, the meeting was adjourned at 9:45 a.m.