

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON NOVEMBER 5, 2009**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member

The Finance Committee met on November 5, 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 8:45 a.m.

Opening Comments: Mr. Estopinal advised that he recently changed positions and now works for the SJB Group of Baton Rouge, LA. The SJB Group had submitted responses to some Southeast Louisiana Flood Protection Authority-East (SLFPA-E) Requests for Qualifications (RFQ), which will be withdrawn and no longer considered for contacts. He stated that he did not believe that SJB Group had any contracts at this time with the SLFPA-E. He advised that he would request an opinion from Robert Lacour, SLFPA-E General Counsel, about whether or not his old employer, CSRS, Inc., of Baton Rouge would have to wait two years before being able to submit a response to a SLFPA-E RFQ. He noted that SJB Group no longer has any desire to be contracted with the SLFPA-E and that CSRS, Inc. had not expressed to him any desire to submit a response to a SLFPA-E RFQ.

Adoption of Agenda: The agenda was adopted as presented.

Approval of Minutes: The minutes of the October 1, 2009 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Discussion of incumbency certificate for Orleans Levee District.

Jim Bollinger, Orleans Levee District (O.L.D.) Comptroller, explained that the incumbency certificate is an acknowledgement of those individuals who have the right to give instructions to the O.L.D.'s paying agents. The O.L.D. has just retired its 1986 series bond issues. In reviewing the present incumbency certificate, it was noted that the certificate needed to be updated with current personnel. The O.L.D. 1996 Series Public Improvement Bonds with a balance of \$1,190,000 and the 1996 Series Levee Improvement (SLIP) Bonds with a balance of \$2,555,000 remain outstanding.

The Committee concurred that the individuals to be named on the incumbency certificate should be the O.L.D. Executive Director, Gerry Gillen, the O.L.D. Comptroller, Jim Bollinger, the SLFPA-E President, Tim Doody, and the SLFPA-E Treasurer, Stephen Estopinal. An item will be placed on the agenda for the Board meeting.

B. Discussion of amendment to Orleans Levee District FY 2010 Budget. (and)
C. Discussion of recommendation for millage action for Orleans Levee District.

Mr. Bollinger informed the Committee that the O.L.D.'s total outstanding debt totals approximately \$40 million: the General Fund and SLIP Fund bond indebtedness is \$3.7 million, notes payable to the State of Louisiana total \$26 million, and the note payable to FEMA for the Community Disaster Loan (CDL) is \$10.4 million. He suggested that the O.L.D. begin setting aside funds to repay these debts. Mr. Bollinger discussed some of the budget uncertainties, such as mineral revenues, and the costs to operate and maintain the sector gates and additional geographical area as the 100 year level of protection is completed. He pointed out that the SLIP Fund tax will expire after the 2015 tax assessment. Mr. Doody recommended that the amendment of the budget be considered at the end of the fiscal year.

Mr. Bollinger explained that a provision in the SLIP Fund referendum allows the use of monies for flood control operations. He recommended the following actions:

- Establishing a set aside of \$5 million per year for the next three and approximately one-half years to retire all of the SLIP Fund debt (Louisiana notes) prior to the expiration of the SLIP Fund tax.
- Establishing a set aside in the General Fund of \$2 million per year to essentially pay out the CDL note (\$11 million with accumulated interest by January, 2012).
- Transferring \$2.4 million from the SLIP Fund to the General Fund to assist with operations and maintenance and to allow the General Fund to make its own set aside of \$2 million per year for the repayment of its debt.

Mr. Bollinger pointed out that the recommended set aside plan places a huge demand on the O.L.D. The plan, however, would not pay off all of the \$40 million debt. The plan would pay off the CDL loan and the SLIP Fund Louisiana loan. The debt for the General Fund Louisiana loan would remain because there are not enough funds available to set aside sufficient money before 2012.

Mr. Bollinger recommended that the Constitutional (General Fund) Millage rate be rolled up an additional .21 mils, which is the legal maximum. The .21 mil increase would be 3-1/2 percent (about \$400,000 per year) compared to the current 6 mill assessment of 5.25 mils for the Constitutional Tax Millage and .75 mils for the Maintenance Tax Millage. Therefore, the total recommended millage for the Constitutional and Maintenance Taxes is 6.21 mils. Mr. Doody pointed out that the O.L.D. is only allowed half of the Constitutional Millage that is allowed to all of the other levee districts.

Mr. Bollinger recommended an increase of at least .51 mils (about \$1 million) to the SLIP Tax Millage. The SLIP Tax Millage rate is currently 4.95 mils. The maximum allowable rate for the SLIP Millage is 6.55 mils.

Mr. Estopinal expressed concern about the potential for additional maintenance costs with the construction of the Option 1 permanent pump stations at the outfall canals. He stated that the O.L.D.'s request for the roll forward of millage rates has been sufficiently

substantiated and documented to warrant the Board's deep consideration. The Committee agreed with the recommendation to roll forward the O.L.D.'s millage rates.

D. Discussion of health insurance plan (health, vision and dental) proposals for Orleans Levee District.

Tom Besselman with Besselman & Associates explained that in shopping the market quotes were solicited from Aetna, Blue Cross, Sigma, Coventry and Humana. Aetna and Blue Cross declined, quotes are pending from Sigma and Humana, and a quote was received yesterday from Coventry. A quote has been received from the current health care provider, United HealthCare. Information on the renewal of dental coverage was also received yesterday. Additional time is required to evaluate the quotes. An O.L.D. ad hoc committee consisting of department managers will evaluate the quotes and coverage options. The current coverage expires on December 31st and employee enrollment would have to take place during the month of December should the Board select a new provider. The O.L.D. requested that it be allowed to present a recommendation to the Board at its November meeting.

Mr. Doody recommended that, if necessary, the plan be reworked in order to keep the premium as close as possible to last year's premium. Carol Kiefer, O.L.D. Safety-Risk Manager, explained that design changes are made to the plan each year. O.L.D. employees currently contribute approximately 14 percent of the premium for individual coverage and 18 percent for family coverage. Retirees contribute approximately 41 percent of the premium for coverage.

A recommendation by the O.L.D. will be brought to the Board for consideration.

There was no further business; therefore, the meeting was adjourned at 9:25 a.m.