

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON APRIL 7, 2011**

PRESENT: Timothy Doody, Committee Member, Acting Chair
George Losonsky, Committee Member

The Finance Committee met on April 7, 2011, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. In Mr. Estopinal's absence, Mr. Doody presided as Acting Chair and called the meeting to order at 8:40 a.m.

Opening Comments: None.

Adoption of Agenda: The agenda was adopted as presented.

Approval of Minutes: The minutes of the March 3, 2011 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Discussion of the adoption of a resolution calling a special election on October 22, 2011, to renew the Special Levee Improvement (SLIP) tax for a period of 50 years to 2066 at the rate of 5.46 mills. (O.L.D.)

Mr. Doody explained that the Orleans Levee District's (O.L.D.) Special Levee Improvement (SLIP) tax expires in 2015. There is an opportunity to place the renewal of this tax on a ballot at a time when it would be the most cost effective for the O.L.D. If the tax renewal is placed on a gubernatorial ballot (either the October 22nd primary election or the November 19th runoff), the State would pay for half of the election cost and the other half of the cost would be split among the remaining issues. The cost to place the tax renewal on the gubernatorial ballot would be about \$39,000, as opposed to perhaps hundreds of thousands for an election with a single or few issues on the ballot. Preliminary numbers were received from the U.S. Army Corps of Engineers on the cost estimates to operate and maintain the new Hurricane and Storm Damage Risk Reduction System (HSDRRS). The total cost to operate and maintain the HSDRRS is \$13.8 million. The O.L.D.'s operations and maintenance (O&M) cost for its portion of the HSDRRS is \$6 million. Major new projects include the Seabrook Complex and the IHNC Surge Barrier. The SLFPA-E does not have great fidelity on the difference between the current O&M costs and the new O&M costs for the HSDRRS.

Jarrell Godfrey, Special Counsel, further explained that the SLIP tax originated in 1972 for a ten year period and was renewed in 1983. The O.L.D. is the only levee district

authorized by the Louisiana Constitution (Article 6, Section 29) to levy 2-1/2 mills. Other levee districts in Louisiana were authorized by the Constitution to levy 5 mills. The Constitutional millage currently levied by the O.L.D. is about 5 mills due to the roll back/roll forward tax process. The SLIP tax was 3 mills in 1972 and 1983 and is currently levied at a rate of 5.46 mills. The 1983 renewal ballot specified about eleven projects designated for funding with bonds backed by the SLIP tax. The designated projects were constructed and the bonds paid off. He advised that the corrected estimated avails of the SLIP tax in the first year are approximately \$11,600,000 and that this correction should be included in the proposed resolution. Since the bonds were paid off, the SLIP tax has been used primarily for the maintenance of existing levee facilities. The proposed duration of the tax renewal is fifty years, which is the same as the design life of the new HSDRRS. The renewal tax is for the purposes of constructing, improving and maintaining any presently existing or future hurricane and/or flood protection facilities, structures and projects, including, without limitation, levees, levee drainage facilities, canals, coastal restoration projects, seawalls, seawall erosion control projects, floodwalls, road crossings, and all other hurricane, levee, flood protection, and coastal restoration projects and facilities determined necessary by the District and all other purposes incidental thereto. He clarified that the proposed duration of the tax renewal is fifty years; however, bonds funded by the tax cannot have a final maturity date longer than thirty-three years.

Mr. Losonsky offered a motion, which was adopted by the Committee, to recommend that the Board approve the proposed resolution for the renewal of the SLIP tax.

B. Discussion of renewal of EJLD health insurance coverage.

John Thomas with Best Group Benefits explained that the East Jefferson Levee District (EJLD) has been with Blue Cross/Blue Shield for two years. The receipt of proposals has been slow due to competitiveness and the predominance of Blue Cross in the market. He noted that the quote received from Blue Cross based on current industry description, demographics and loss history is an attractive offer. Information concerning any additional proposals that are received will be available by the April 21st Board meeting. He pointed out that coverage expires on May 31st and should another carrier be selected, the change must be implemented and enrollment completed by May 15th.

The Committee members concurred that a resolution be forwarded to the Board to approve the renewal of coverage with Blue Cross, unless a more competitive proposal is received by the April 21st Board meeting.

C. Renewal of flood insurance coverage for EJLD Administration Building.

Jonell Blowers with the EJLD advised that the renewal premium for flood insurance coverage for the Administration Building increased by \$202. The annual premium for coverage commencing on May 19, 2011 is \$2,384.

The Committee recommended that a resolution be forwarded to the Board to approve the renewal of flood insurance coverage for the EJLD Administration Building.

D. Purchase of airport property for EJLD safehouse/consolidated facility project.

Robert Lacour, SLFPA-E Counsel, advised that the FAA approved the sale of 15 parcels of ground around the New Orleans International Airport to the EJLD for its police/maintenance/safehouse complex. The proposed resolution authorizes the purchase of the property, subject to certain conditions. The RESOLVED paragraph of the draft resolution lists acceptable inspections, environmental clearances, title approval, survey, availability of permits, and closure of certain streets as conditions for the purchase of the property. He recommended that the EJLD Executive Director and the Counsel to the Board be indicated as the individuals to whom these conditions must be acceptable.

Mr. Losonsky concurred with Mr. Lacour's recommendation and further recommended that the resolution be submitted to the Board for approval. There was no objection.

E. Discussion of requirements for levying ad valorem taxes in a reassessment year for LBBLD.

Charles Doize representing the Lake Borgne Basin Levee District (LBBLD) explained that the St. Bernard Parish Assessor was mandated by the Louisiana Tax Commission to reassess the tax rolls for 2011. Reassessments normally occur every four years unless discrepancies are found. The reassessment resulted in about a one percent increase in property taxes. Therefore, the Assessor must scale back the maximum ad valorem tax millage rates by one percent, which results in a revenue decrease of about \$20,000 for the LBBLD. Two of the LBBLD's millage rates would be adjusted from 3.83 to 3.79 and from 3.00 to 2.97. The third ad valorem tax collected by the LBBLD was recently renewed and will be levied for the first time in 2011. The Assessor asked to receive the LBBLD millage resolution by September 1st. Mr. Doize requested the authority to advertise a public hearing relative to the roll back/roll forward of ad valorem tax millage rates in conjunction with the June Board meeting, which will be held in St. Bernard Parish. A favorable vote of two-thirds of the Board will be required for rolling millage rates forward.

The Committee approved the advertisement of the Public Hearing in conjunction with the June Board meeting.

There was no further business; therefore, the meeting was adjourned.