

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON SEPTEMBER 8, 2011**

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

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on September 8, 2011, in the East Jefferson Levee District Conference Room, 203 Plauche Court, Harahan, Louisiana. Mr. Estopinal called the meeting to order at 10:00 a.m.

Opening Comments: Mr. Estopinal recognized and introduced Mr. G. Paul Kemp, the new appointee to the SLFPA-E Board.

Adoption of Agenda: The Committee approved the agenda as submitted.

Approval of Minutes: The minutes of the August 4, 2011 Finance Committee meeting were approved.

Public Comments: None.

New Business:

B. Discussion of proposed buyout options for O.L.D. cellular tower lease.

Robert Lacour, SLFPA-E General Counsel, explained that two proposals were received by letter from American Tower Corp. and Tristar Investors, Inc. relative to a lease buyout and a long term lease or easement for a section of land on which a cell tower is located. Staff does not possess the expertise needed to evaluate the proposals to determine the best option financially in the long term for the Orleans Levee District (O.L.D). He suggested that a consultant with the appropriate expertise be retained to evaluate this matter and recommend a path forward. In addition, there are other entities that may be interested in the tower site lease. The tower structure will revert to the O.L.D. when the current lease expires in 2023. The importance of this communications tower was noted. Mr. Lacour advised that normally levee districts can only enter into three year leases; however, this lease would be exempt from the three-year requirement because the site is located on reclaimed land.

Mr. Doody agreed that professional guidance is needed and offered a motion for the Regional Director to seek a consultant to provide advice on the proposals received and on the solicitation of additional proposals. It was noted that the SLFPA-E has a policy in place for the execution of contracts for amounts under \$50,000. The motion was seconded and unanimously approved by the Committee.

A. Discussion of audit of the SLFPA-E, EJLD, LBBLD and O.L.D. for the Fiscal Year ending June 30, 2011.

Becky Hammond, Audit Manager with Silva, Gurtner & Abney, LLC, distributed copies of the draft financial audit report and single audit report. She advised that there is one current year management letter comment that concerns a minor issue dealing with the timing for the recording of payables. Prior year management letter comments have been resolved. An unqualified, clean opinion has been issued. The single audit report includes two major programs: 1) FEMA public disaster assistance and 2) Community Development Block Grants. There were no findings related to the compliance requirements that were tested for the two programs. In addition, there were no findings considered to be significant deficiencies or material weaknesses related to the financial statement audit. Silva, Gurtner & Abney will file the final audit reports with the appropriate agencies and will submit the data form collection information for the single audit, as well as other required information, to the Federal Audit Clearinghouse. The September 1st deadline for filing the reports with the State was extended to September 12th. The auditor is currently receiving comments from staff and the footnotes in the report are being finalized. Copies of the final audit reports will be provided to the Board.

Mr. Doody offered a motion to authorize Silva, Gurtner & Abney, LLC, to file the audit reports on behalf of the SLFPA-E with the required reporting entities to meet the September 12th deadline. The filed audit reports will be recommended to the Board for acceptance. The motion was seconded and unanimously adopted.

C. Discussion of proposed lease for office space at the University of New Orleans (UNO) Research and Technology Park.

Wilma Heaton explained that staff has worked hard to obtain the approvals required for the SLFPA-E to be accepted in the UNO Research and Technology Park so that a proposed lease could be presented to the Authority. The relocation of the Authority's offices to this site would place it in a research setting and allow access to University resources, including other State agencies. Staff recommended going forward with the lease under the existing \$500,000 annual budget. The rental rates and costs for the current office space and the proposed new office space were evaluated and compared. The total costs were comparable on a square foot basis (per square foot). The UNO Research and Technology Park rental rate includes all utilities and janitorial services. The UNO Research and Technology Foundation agreed to hold the office space for the Authority; however, a lease would have to be effective on October 1st. Ms. Heaton stated that her understanding was that if staff's recommendation is accepted by the Finance Committee, that the President could execute the lease predicated on full Board action at its next meeting. She pointed out that the lease could then be accomplished timely from a logistical standpoint. The approval of the lease by the Board is a policy decision.

The Committee discussed the configuration of the new office space. It was pointed out that two conference rooms in the building would be available at no cost to the Authority for meetings on a reservation basis. Mr. Estopinal commented on the excellent environment that would be provided at the Research and Technology Park. Mr. Losonsky agreed that the Authority should proceed with the next step for the new lease.

Mr. Lacour pointed out that the landlord is not the owner of the property; therefore, the Authority's lease would be a sublease. He then asked for a copy of the master lease. Ms. Heaton explained that due to the Authority's funding source, the UNO Research and Technology Foundation agreed with a one-year lease with four one-year renewal options. The remainder of the lease agreement is standard language. The master lease is with the State of Louisiana. Recent legislation placed UNO under the UL system; therefore, a fourth approval for the Authority's acceptance could have been required. However, special permission and an exemption were obtained from UNO for the Authority to execute only one lease. It was noted that the Lake Pontchartrain Basin Foundation, the Office of Coastal Protection and Restoration and other State agencies have offices in the same building.

Mr. Lacour pointed out that the building can be closed during an emergency. Mr. Doody advised that the intention is for the SLFPA-E staff to relocate to the O.L.D. safe house during an emergency. Ms. Heaton advised that sufficient notice would be provided to the Authority to relocate any necessary items prior to the building's closure.

Mr. Doody recommended that Mr. Lacour review the master lease and that the Finance Committee approve the lease with the UNO Research and Technology Foundation, subject to Mr. Lacour not finding anything that would be considered alarming in the master lease. Mr. Losonsky concurred with Mr. Doody's recommendation and offered a motion to proceed with the next step to transition the Authority to the new office space. The motion was seconded by Mr. Doody and unanimously approved by the Committee.

D. Discussion of purchase of 2012 F250 Crew Cab truck by EJLD.

Fran Campbell, EJLD Executive Director, advised that a truck is needed for the East Jefferson Levee District's (EJLD) engineer. The truck would be acquired through a Jefferson Parish contract.

The Finance Committee voted unanimously to recommend that the Board approve the purchase of the truck.

E. Discussion of bid award for Audio Video System for O.L.D safe house build-out.

Pam Zeringue, O.L.D. Purchasing Director, explained that the bid for the audio-video system was advertised locally and nationally. Twenty-five inquiries were received and six actual responses were submitted to the O.L.D. The lowest bid in the amount of \$50,002.86 was submitted by Synergy. The system includes audio-video and digital recording equipment for use in public meetings, seven monitors in the operations and common areas that will display storm tracking data, floodgate status and feeds for the security cameras that will monitor certain flood-gages. One of the monitors will be dedicated to the Levee Information Management System (LIMS). The system has the capacity for expansion.

Mr. Doody offered a motion, which was seconded by Mr. Losonsky and unanimously approved, to recommend that the Board authorize the award of the bid to Synergy.

F. Discussion of extension of existing consulting service contracts with not-to-exceed amounts under \$50,000.

Robert Turner, SLFPA-E Regional Director, explained that several contracts are in place for consulting services with limits below \$50,000. Since the contract limits were below the \$50,000 threshold, Board approval was not required. He asked about putting a mechanism in place for extending a contract beyond the \$50,000 limit in order to include additional services. He suggested that the Board could decide whether a contract should be extended.

Mr. Losonsky concurred with Mr. Turner that Board approval could be sought if the additional services would bring a contract above the \$50,000 limit. He suggested that the Authority put in place a more consistent contract information mechanism for the Finance Committee's review. The data should include contract amounts and status of payments. The Committee would then be able to decide whether a contract extension should be brought to the Board. Mr. Doody pointed out that he would not want the Finance Committee's review to hold up any necessary work. Mr. Losonsky concurred with Mr. Doody and clarified that the information provided to the Finance Committee would be for information purposes. Mr. Turner was directed to put in place the process discussed by the Committee.

Mr. Lacour suggested that the approval for a contract extension for additional work could be brought to the Committee or Board for approval. Mr. Estopinal noted that a new contract could be issued for additional work. Mr. Doody pointed out that the data requested by Mr. Losonsky would bring this type of situation to the Committee's attention for a decision on how staff should proceed. The Authority's current policy requires that contracts over \$50,000 be approved by the Board. Mr. Lacour pointed out that the Board could delegate authority to the Finance Committee to approve amounts over \$50,000 and under a certain limit.

G. Discussion of East Jefferson Levee District PW 13866–Shoreline Rock Project.

Ms. Campbell provided a status report on the Shoreline Rock Project. The contractor is experiencing an overrun of about 20 percent on the quantity of rock required for the project because of subsidence. The U.S. Army Corps of Engineers is experiencing a similar overrun on the quantity of rock required in an adjacent project. At this time an additional dollar amount of approximately \$1.3 million will be needed for the \$13 million FEMA project. The consultant, Burk-Kleinpeter, Inc., used a subsidence rate of 10 percent in its calculations. A new Project Worksheet (PW) will be needed at the conclusion of the project. Mr. Doody pointed out that clear guidance is required from FEMA post Hurricane Irene. Ms. Campbell stated that FEMA PW's for existing projects or their extension would not be affected. She stated that should an extension of the PW not be received from FEMA that the EJLD would still want to complete the shoreline rock project so that a hole is not left in the shoreline protection.

There was no further business; therefore, the meeting was adjourned at 11:20 a.m.