

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON JANUARY 5, 2012**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on January 5, 2012, in Meeting Room 221, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 8:30 a.m.

Opening Comments: None

Adoption of Agenda: The agenda was approved.

Approval of Minutes: The minutes of the December 1, 2011 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Discussion of Status of Go Zone Bond Repayment

Mr. Doody explained that the State issued Go Zone Bonds after Hurricane Katrina in order to ensure that there would not be a default on any of the bond issues. The Go Zone Bonds were basically issued in an amount equal to the required payment on the outstanding debt. The debt on the Go Zone Bonds increased as the old bonds were being retired. The requirement for repayment of the Go Zone Bonds begins in 2012. The SLFPA-E, along with many other agencies in the City of New Orleans, asked for forgiveness of the Go Zone Bond debt. This request was denied. There is an ability to move the repayment date from January, 2012, out an additional five years. The SLFPA-E requested an extension of the time for the repayment of the debt. This request was also denied. The SLFPA-E and the City of New Orleans requested that the decision relative to the postponement of the repayment be reconsidered.

Mr. Doody advised that the Orleans Levee District (O.L.D.) is facing a \$10 million per year local cost share payment for the Hurricane and Storm Damage Risk Reduction System, as well as a \$6.5 million per year increase in on-going operations and maintenance costs. At this time the repayment of the Go Zone Bonds begins on January 15, 2012. The first payment is an interest payment. The O.L.D. Comptroller was instructed to budget the repayment of the Go Zone Bonds prior to the expiration of the SLIP tax in 2015.

Mr. Doody explained that tax avails are dedicated to the repayment of the outstanding debt. The O.L.D. currently has two outstanding bond issues; the 1996 bond issues and the Go Zone Bonds. Money has been escrowed from the Algiers Levee District to pay its percentage (7.62 percent) of some of the outstanding debt. The SLFPA-West and Algiers Levee District (A.L.D.) are requesting that the O.L.D. pay off the 1996 bond issues. The A.L.D. offered to provide a lump sum check for an estimated amount of \$6 million to pay its share of the remaining outstanding debt in order for the levee district to be in a position to receive its tax revenues directly from the City of New Orleans. The 1996 bond issues must be paid off in order for the bond holders to release the A.L.D. from this obligation.

B. Update by Regional Director

Robert Turner, SLFPA-E Regional Director, provided an update on the review of levee districts' employee healthcare insurance coverages and post retirement benefits. He stated that he spoke to Carol Kiefer, O.L.D. Safety Risk Manager, about starting up the work group. Questionnaires will be sent to each of the levee districts in order to collect the required data. The data will be assembled into a spreadsheet. He anticipated having this information ready for review by the next Finance Committee meeting.

Mr. Turner advised that he just received information that another change order is required to the East Jefferson Levee District (EJLD) contract for the placement of rock along the Lake Pontchartrain shoreline. The change order would provide for an additional \$350,000 of rock. Action is required soon so that the additional rock can be placed before the contractor shuts down its operation. Fran Campbell, EJLD Executive Director, explained that the Board had previously approved a contract change order in an amount of \$800,000 for additional rock. The estimate of \$800,000 provided by the contractor was based on a straight linear distance measurement from the location of the work at that time to the end of the project. The contractor neglected to provide an estimate for the additional rock that would be required around two significantly sized peninsulas that protrude into the lake. The total cost of the project is approximately \$13 million. FEMA was advised that the initial rock quantity was only as estimate. FEMA was subsequently notified that an amendment is needed to the project worksheet for the additional rock, as well as for \$3,000 for the repair of a parking lot damaged by the contractor's trucks.

The Committee recommended that the request for a change order to the Lake Pontchartrain Shoreline Project contract be forwarded to the Board. The consultant, Burk-Kleinpeter, Inc., will be requested to attend the Board meeting in order to answer questions about the project.

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