

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON OCTOBER 3, 2013**

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 October 3, 2013, in Meeting Room 221, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 8:35 a.m.

Opening Comments:

Mr. Estopinal announced that the SLFPA-E will hold its regular monthly Board Meeting on November 21, 2013 at 9:30 a.m. at the Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, Meeting Room 221, New Orleans, La, during which the SLFPA-E Board on behalf of the Orleans Levee District will adopt millage rates for the year 2014 and certify the levy of the three millage rates (General Tax, Special Levee Improvement Tax and Maintenance Tax) to the City of New Orleans for the purpose of assessing and collection of the three taxes.

Mr. Doody advised that Steve King, a long time Orleans Levee District employee (30 plus years) and head of the levee district's survey division, passed away yesterday. Mr. King had an incredible knowledge of the hurricane and flood protection system. Mr. Doody commented that he worked near Mr. King during Hurricane Isaac and witnessed Mr. King's phenomenal performance during the hurricane event. Mr. Doody stated that Mr. King's passing is a great loss for the Orleans Levee District. Mr. King was well respected and he will be greatly missed.

Adoption of Agenda: The agenda was amended to add Item D – discussion of a proposed resolution concerning *Haspel & Davis Milling & Planting Co., Ltd. et al. v. Board of Levee Commissioners of the Orleans Levee of the State of Louisiana, 25th JDC, Parish of Plaquemines, No. 31-357, Division A*. The amended agenda was approved.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on June 6, 2013.

Public Comments: None.

New Business:

A. Discussion of the renewal of Commercial Automobile Liability Insurance Coverage for the Orleans Levee District.

Randy Maddox with Morrison Insurance Agency explained that the Orleans Levee District's (O.L.D.) Commercial Automobile Liability Insurance Coverage will expire on November 1, 2013. He discussed the significant market changes relative to the procurement of this coverage for the O.L.D. The average premium rate experienced by the O.L.D. for the past ten years was approximately \$1,000 per unit for \$1 million of liability coverage, which was substantially under market pricing for the types of vehicles insured. Coverage was moved last year to Republic Insurance Company to take advantage of a better premium rate under a program designed specifically for levee districts and municipal businesses. Republic discontinued its program and issued a non-renewal notice to the O.L.D.

Mr. Maddox further explained that Morrison Insurance Agency shopped the market. The O.L.D. has a good loss experience and a good loss control program. Commercial Automobile Liability Insurance rates in Louisiana are some of the highest in the nation because of the legal environment. Fifteen brokers/carriers were approached. Declinations were received from 13 brokers/carriers. Some markets will not insure levee districts and other markets will not insure police emergency vehicles. An indication was received from one broker/carrier (Scotsdale Insurance Company) and Morrison is awaiting a response from another broker/carrier. The premium rate is expected to increase to approximately \$2,000 per unit (going from a total of approx. \$142,000 to approx. \$260,000). He asked that the procurement process continue while awaiting a response from the remaining broker/carrier. The main factor keeping the O.L.D. out of the commercial marketplace used by most private companies is the police emergency vehicles (26 squad cars and 5 motorcycles). Mr. Maddox stated that he would continue to exhaust every avenue to attempt to lower this cost. The O.L.D. has a fleet list of 120 motorized units. Only nine units are insured for physical damage (comprehensive and collision) as mandated by FEMA at a cost of approximately \$7,000. He suggested that Scotsdale Insurance Company could be approached concerning the inclusion of a deductible per unit with an aggregate on the liability coverage.

Mr. Doody requested that Mr. Maddox look into a deductible for individual units. Mr. Estopinal asked whether the police emergency units could be segregated from the other units. Mr. Maddox responded that this avenue is being explored.

Committee members concurred with Mr. Maddox's suggestion to continue the procurement process and asked that a recommendation be presented to the Board at the October Board meeting.

B. Discussion of State of Louisiana Capital Outlay Program funding requests for certain projects for the levee districts for Fiscal Year 2014-2015.

Robert Turner, SLFPA-E Regional Director, advised that in general the requests are the same as last year's requests. A resolution is required to be adopted for each levee district and the SLFPA-E for the request packages (copies of draft resolutions were provided). Applications must be made on-line by the end of October.

The Committee recommended that the resolutions concerning Capital Outlay Program funding requests be forwarded to the Board for approval.

C. Status of the Financial Audit of the SLFPA-E, East Jefferson Levee District, Lake Borgne Basin Levee District and Orleans Levee District for the Fiscal Year ending June 30, 2013.

Jim Bollinger, O.L.D. Comptroller, advised that the audit team and SLFPA-E/levee district staffs have come to an agreement in the past several days on the final numbers. A final draft of the audit will be prepared to assure that the narrative and final numbers are in agreement. Mr. Doody added that a draft of the audit was submitted to the State Legislative Auditor in order to meet their time deadline. The final form of the audit must be approved by the appropriate individuals. He asked that a copy of the audit report be circulated to the Board and that a report be presented at the October Board meeting.

D. Discussion of proposed resolution concerning *Haspel & Davis Milling & Planting Co., Ltd. et al. v. Board of Levee Commissioners of the Orleans Levee of the State of LA, 25th JDC, Parish of Plaquemines, No. 31-357, Div. A*

Robert Lacour, SLFPA-E General Counsel, advised that a resolution has been prepared on the proposed compromise of this litigation. The resolution will be placed on the agenda for the October Board meeting. Mr. Doody noted that there will be a process that may take approximately 100 days during which the compromise must be approved by the judge. Mr. Lacour noted that the final hearing is scheduled for December 5th.

UPDATE ON TROPICAL STORM KAREN:

Mr. Turner provided an update on Tropical Storm (TS) Karen. According to the most recent report from the National Weather Service, the system is intensifying and may reach Category One strength prior to impacting the central Gulf coast. The exact location of impact is uncertain at this time due to the timing of an approaching cold front that may move the storm towards the Northeast. The storm is expected to impact the coast late Saturday. Major impacts expected at this time are the potential for heavy rain and high tides. The Bayou Bienvenue and Dupre structures are currently closed. O.L.D. and Lake Borgne Basin Levee District staffs are monitoring weather conditions to determine whether additional structures and gates must be closed. Tides are expected to recede quickly on Sunday due to a fairly brisk northerly wind and drive waters from the Central Wetlands. Conference calls will be held between SLFPAE/levee district staffs and other entities. The O.L.D. has opened its Emergency Operations Center. There are no current concerns relative to the hurricane and flood protection system. Mr. Doody added that the U.S. Army Corps of Engineers has advised that the IHNC Surge Barrier Barge Gate is being closed today.

There was no further business; therefore, the meeting was adjourned at 9:07 a.m.