

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON DECEMBER 11, 2014**

PRESENT: Paul Tilly, Chair
Stephen Estopinal, Committee Member
Tyrone Ben, Committee Member
Lambert J. Hassinger, Commissioner

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on December 11, 2014, in Meeting Room 201, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Tilly called the meeting to order at 9:30 a.m.

Opening Comments: Mr. Tilly commented that the Lake Borgne Basin Levee District (LBBLD) will be facing a difficult situation with the failure of the special millage tax on the December 6th ballot. Mr. Estopinal advised that options are being reviewed for the survival of the LBBLD. He anticipated going back to the public with a better explanation of the financial situation. If revenues are not somehow increased so that the required maintenance can be performed, FEMA will re-rate the entire Hurricane and Storm Damage Risk Reduction System and the public will have to pay extraordinarily high flood insurance premiums.

Adoption of Agenda: The agenda was adopted by the Committee.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on November 6, 2014.

Public Comments: Carol Byram expressed her frustration regarding the failure of the millage tax. She commented on devastation brought about by Hurricane Katrina and the difficulties that St. Bernard Parish is experiencing in its recovery. She commented that the Board was formed to coordinate the flood protection system for the levee districts under its jurisdiction equally. One reason several parishes wanted to remain separate when the legislation that formed the Board was being considered was the concern about the use of property taxes. The legislature was assured that the taxes would not be comingled. She commented that the millage rate is being raised in Orleans Parish and that some of the money is being used to pay millions to St. Bernard Parish through a loan that may never be repaid. She added that some of the taxes are for property along the outfall canals that the property owners cannot use. She commented on the increase of property taxes in Orleans Parish and that the Board should have pushed much earlier for a modest millage increase in St. Bernard Parish. She stated that she did not blame the people in St. Bernard who have been dealing with a difficult recovery. She stated that she agreed that the Board needs to approve the loan agreement relative to the non-federal levee system certification, but hoped that a timetable for reimbursement would be included and that the Board is more above board in the future when such financial help is needed.

Executive Session:

A. Discussion of attorney's letter regarding LBBLD's contributions to the Louisiana State Employees' Retirement System (LASERS).

The Committee voted unanimously to convene in executive session to discuss the personnel matter listed on the Committee's agenda.

The Committee reconvened in regular session and the meeting was called back to order. Mr. Estopinal reported that the Committee accepted the recommendation of LBBLD counsel, Dwayne Littauer, relative to the LBBLD's contributions to LASERS.

New Business:

A. Discussion of the results of the special election in the Lake Borgne Basin Levee District held on December 6, 2014 to authorize the levy of a special tax.

Mr. Estopinal advised that with the failure of the December 6th special tax election in St. Bernard Parish a new strategy will need to be developed and another special tax election called. The LBBLD cannot operate with its current revenues. The earliest that another tax election can be called on an emergency basis is May 2, 2015. It was noted that a major hurricane has not been experienced in recent years. Alternatives will need to be considered to protect the entire community, not just St. Bernard Parish, and recommendations will be developed.

B. Discussion of renewal of Orleans Levee District Umbrella Insurance coverage.

Gerry Gillen, Orleans Levee District (O.L.D.) Executive Director, advised that the premium for Umbrella Insurance coverage with Lexington Insurance Company is the same as last year's premium.

The Committee concurred that a recommendation be forwarded to the Board to approve the O.L.D.'s renewal of Umbrella Insurance coverage with Lexington Insurance Company.

C. Discussion of renewal of the following insurance coverages for the East Jefferson Levee District (EJLD): Workers Comp, Property, Equipment, Law Enforcement Liability, Accident Policy and Pollution.

Hardie Edgecombe with Arthur J. Gallagher Risk Management Services was unable to stay for the Committee meeting; however, he left a handout (copy appended to minutes) with the recommendations for renewal of the EJLD's insurance coverages, which was reviewed by Committee members.

The Committee concurred that a recommendation be forwarded to the Board to approve the renewal of the EJLD's insurance coverages as recommended.

D. Discussion of renewal of the following insurance coverages for the Lake Borgne Basin Levee District (LBBLD): Worker’s Compensation and Pollution.

The Committee reviewed the handout from Arthur J. Gallagher Risk Management Services (copy appended to minutes) with recommendations for renewal of the coverages. It was noted that the estimated premium for Workers’ Compensation Insurance increased due to the increase in payroll.

The Committee concurred that a recommendation be forwarded to the Board to approve the renewal of the LBBLD’s insurance coverages as recommended.

E. Discussion of extension of Indefinite Delivery-Indefinite Quantity Contract (ID-IQ) with GCR, Inc. for Lands, Easements, Rights-of-way, Relocations and Disposal Areas (LERRDS).

Mr. Estopinal explained that the proposed extension of the GCR, Inc. contract would be for an additional one-year period and that the maximum contract value would not be increased.

Mona Nosari with GCR, Inc. (GCR) explained that GCR provides land acquisition services and employs 13 full time real estate specialists and attorneys. GCR also developed a product (AssetTrackerIQ) to map rights-of-ways for the levee districts with web based portals for use by the three levee districts. An administrative tool has been developed to allow the levee districts to upload documents to AssetTrackerIQ. The records of the LBBLD have not yet been incorporated. GCR conducted a workshop on the use of the asset management tool. Documents associated with the rights-of-ways can be uploaded into AssetTrackerIQ. Metes and bounds surveys must be converted to an appropriate format and assistance is needed to accurately integrate metes and bounds surveys on the map. Mr. Tilly noted that another workshop may be needed so that staff can become more proficient in using AssetTracker IQ. Stevan Spencer, SLFPA-E Regional Chief Engineer, advised that the continuing services of GCR is needed for document input.

The Committee concurred that a recommendation be forwarded to the Board to approve the one-year extension of the ID-IQ contract with GCR, Inc.

F. Discussion of loan of funds by the Orleans Levee District to the Lake Borgne Basin Levee District for the remaining work to certify the Forty Arpent Levee.

Mr. Estopinal explained that the levee constructed along the Violet Canal was tied into the Shrimp Factory and is considered a gap in protection by FEMA. The polder protected by the Forty Arpent and Florida Avenue Levee System includes much of St. Bernard Parish and the Lower Ninth Ward in Orleans Parish. He recommended that the cost of construction be shared (approximately 80% LBBLD and 20% OLD) due to the protection afforded to the two levee districts. If the levee is not certified, the National Flood Insurance Premiums (NFIP) will significantly increase. The LBBLD does not have the money at this time to fund its portion of the construction of a floodwall at the Violet Canal; therefore, he recommended that O.L.D. lend the funds required for the floodwall

construction to the LBBLD for its portion of the cost and that a payback plan be formulated.

Mr. Hassinger noted that the O.L.D. has a number of obligations and questioned whether the cost could legally be shared. Mr. Estopinal replied that he was of the opinion that the cost could legally be shared; however, the issue would be further investigated.

The Committee concurred that a recommendation be submitted to the Board for the approval of the loan by the O.L.D. to the LBBLD for the construction of the floodwall.

G. Discussion of Lake Borgne Basin Levee District's contributions to the Louisiana State Employees' Retirement System (LASERS).

Item G. was handled after the Executive Session.

H. Discussion of designation of Louisiana Asset Management Pool, Inc. (LAMP) as the financial institution for the deposit of settlement funds received from the litigation entitled, "Southeast Louisiana Flood Protection Authority-East, et al. v. Tennessee Gas Pipeline Co., LLC, et al".

The Committee was advised that the Board adopted Resolution No. 11-20-14-02 at its meeting on November 20, 2014 authorizing the establishment of a dedicated account at Capital One Bank for the deposit of settlement monies received from the oil and gas industry litigation; however, it is in the best interest of the SLFPA-E to open an investment account at LAMP in lieu of an account at Capital One.

The Committee concurred that a recommendation be forwarded to the Board to amend Resolution No. 11-20-14-02 to substitute LAMP in lieu of Capital One Bank.

I. Discussion of instruction to designate funds received from settlements from the litigation entitled, "Southeast Louisiana Flood Protection Authority-East, et al. v. Tennessee Gas Pipeline Co., LLC, et al" as "committed funds balance" on the records of the SLFPA-E.

Mr. Estopinal explained that it is the Board's intention that funds received from the oil and gas industry litigation be used for coastal restoration and flood protection purposes. The Board previously approved a commitment of \$50,000 for a proposed baldcypress nursery to be located in the Central Wetlands Unit. He noted that the proposed baldcypress nursery is a good example for the use of settlement monies received from the oil and gas industry litigation. He recommended, in accordance with the SLFPA-E's Fund Balance Policy, that the Board officially recognize the committed fund balance on the records of the SLFPA-E.

The Committee concurred that a recommendation be forwarded to the Board to officially designate the fund balance commitment on the records of the SLFPA-E.

J. Discussion of revenue sharing relative to the Orleans Levee District and Algiers Levee District.

Mr. Gillen explained that the O.L.D. receives revenue sharing monies each year from the State. Revenue sharing monies for fiscal years 2013 and 2014 were not separated for the Orleans and Algiers Levee Districts; therefore, the O.L.D. owes the Algiers Levee District its share of monies received for fiscal years 2013 and 2014.

The Committee concurred that a recommendation be forwarded to the Board to approve the payment by the O.L.D. of monies owed to the Algiers Levee District.

K. Discussion of the Orleans Levee District Flood Protection Division's advancement of funds to the Non-Flood Protection Assets Management Authority to build out space for U.S. Customs at the New Orleans Lakefront Airport until such time as funding is received from FEMA.

Wilma Heaton, Director of Governmental Affairs and NFPAMA Board member, advised that the Non-Flood Protection Assets Management Authority (NFPAMA) has been seeking ways to bring assets back into commerce. She pointed out that any revenues above the NFPAMA's operating costs would come back to the O.L.D. Flood Protection Division. The NFPAMA elected not to rebuild one of the hangars after Hurricane Katrina at this time. The NFPAMA Board adopted a resolution to use the monies, less the 25 percent penalty, for other revenue producing projects of a higher priority. The project listed as number one on the list is the build out of space for U.S. Customs in the Lakefront Airport Terminal (\$400,000). The build out for U.S. Customs at Lakefront Airport would significantly benefit the airport and it will become a global entry point generating flights into New Orleans and spurring other activities in the area. The second project is repairs to the Lake Vista Community Center (\$350,000). The repairs at the LVCC could result in additional rental revenues of \$80,000 per year. The advancement of funding by the O.L.D. would allow the NFPAMA to complete the projects more quickly. The monies advanced for both projects would be repaid upon receipt of funding and, as a good faith gesture, the NFPAMA would begin repaying the monies advanced for the LVCC project at such time and as the repaired spaces begin producing rental revenues. Mr. Estopinal pointed out that the Orleans Levee District is the owner of both facilities.

The Committee concurred that a recommendation be made that the Board approve the advancement of funds in the total amount of \$750,000 by the O.L.D. to the NFPAMA for the two projects.

There was no further business; therefore, the meeting was adjourned at 10:35 a.m.

Orleans Levee District

Umbrella:

Carrier- Lexington Insurance Company

-3,000,000 limit

umbrella will sit over General Liability, Auto, and Employers Liability

Expiring Premium- \$ 59,522.40

Renewal Premium- \$ 59,522.40

East Jefferson Levee District

Property:

Carrier- Allianz

All coverages same a expiring

Expiring Premium- \$15,078

Renewal Premium- \$15,078

Inland Marine:

Carrier- Allianz

increased coverage limit because of new equipment

** rate reduction**

Expiring Premium-\$15,637

Renewal Premium-\$15,637

Worker's Compensation:

Carrier- LWCC

-The renewal continues in our BRP rating tier, emod 1.54 from expiring 1.32 and lmod 1.25 using 2012-2013's audited payroll. EJLD received a dividend of \$36,788, \$15,730, \$18,626, \$14,007, \$7,349 and \$36,754 the last 6 years and a recipient the past 10 years with a total in excess of 232K.

Expiring Premium- \$ 193,199

Renewal Premium- \$174,288

Accident Policy

Carrier- ACE

All coverages same a expiring

Expiring Premium- \$1,264

Premium- \$1,264

Pollution

Carrier- Allied World

Limit- \$1,000,000

Expiring Premium- \$10,584

Premium- \$10,348

Lake Borgne Basin Levee District

Worker's Compensation:

Carrier- LWCC

The renewal continues in our PRP rating tier, emod .88 from expiring .88 and lmod 1.0 from expiring 1.0 using 12-13's . LBBLD received a dividend of \$36,806, \$17,507, \$18,143, \$11,963, \$5,391 and \$36,482 the last 6years and a recipient the past 9 years with a total in excess of 193K

Expiring Premium- \$ 74,732

Renewal Premium- \$80,592

Pollution

Carrier-Allied World

Limit- \$1,000,000

Expiring Premium- \$ 15,937

Premium- \$ 15,937