

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON OCTOBER 15, 2015**

PRESENT: Jefferson M. Angers, Chair
Tyrone Ben, Committee Member
Lambert J. Hassinger, Jr., President
Richard A. Luetlich, Jr., Commissioner

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on October 15, 2015, in the Second Floor Council Chambers, Joseph Yenni Building, 1221 Elmwood Park Blvd., Harahan, Louisiana. Mr. Angers called the meeting to order at 10:00 a.m.

Opening Comments: None.

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

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on September 17, 2015.

Public Comments: None.

New Business:

A. Financial update by Non-Flood Protection Asset Management Authority.

Gregory Ernst, Chair of the Non-Flood Protection Asset Management Authority (NFPAMA), thanked the SLFPA-E for its assistance over the years. He explained that the NFPAMA experienced issues with its cash flow and revenue stream. The NFPAMA will receive a percentage of the new Orleans Levee District (O.L.D.) millage that takes effect in January, 2016. He thanked the O.L.D. Flood Protection Division for its support of this new revenue stream for the NFPAMA. He advised that the final list of the charge back of expenses ("due to and due from") between the O.L.D. and the NFPAMA has not yet been completed. He indicated the NFPAMA's willingness to repay some of this debt when it is able to do so. He reiterated that the NFPAMA would be on a better footing beginning in 2016.

Maria Chedid, O.L.D. Comptroller, advised that staff is continuing its review of the charge back of expenses and that a meeting will be held tomorrow with the O.L.D. Internal Auditor on this matter. She anticipated that a final figure would be available sometime next week. Journal entries are being reviewed and support documentation is being collected. Mr. Angers requested that the results of the review be provided to the Finance Committee members. Nyka Scott, SLFPA-E Executive Counsel, noted that the SLFPA-E's fiscal year audit indicates that approximately \$7.5 is owed by the NFPAMA to the O.L.D. Flood Protection Division. She estimated the debt to be in the range of

\$5.8 million to \$7.5 million, depending upon documentation. The biggest dispute involves \$1.7 million of insurance and FEMA proceeds. Agreement is required on the final figure which must be placed in a Memorandum of Understanding being developed between the agencies relative to the leasing of space in the Lakefront Airport Terminal.

Mr. Hassinger advised that he received a call from a New Orleans resident who requested that he convey to the NFPAMA that the lakefront has never looked better. Ms. Scott commented on the construction of the seawall erosion control project by the O.L.D. Flood Protection Division.

B. Report on the financial audit for the fiscal year ending June 30, 2015.

Becky Hammond, the partner in Carr, Riggs and Ingram CPAs and Advisors who was in charge of the financial audit, reviewed the contents of the Communications and Financial Reports. She advised that a clean opinion was received this year. The biggest change was the adoption of GASB 68 and GASB 71, which resulted in a reduction of approximately \$30 million to the net position at the beginning of the year. The payment of this liability will be expended over the course of a number of years.

Ms. Hammond explained that GASB 68 requires that the net pension liability be recorded on the government's books. Only the current expense was recorded prior to the adoption of this standard. It was determined that the recordation of only the current expense did not provide a full picture of an entity's liabilities. The liability is determined by the actuary for the Louisiana State Employees Retirement System (LASERS). The actuarial liability is determined for State government and the appropriate percentage is allocated to each agency or entity. The liability is impacted by the performance of LASERS' investments and changes in discount rates and expectations. The changes are amortized across a number of years. A major addition to the footnotes was due to the adoption of GASB 68. The SLFPA-E's net pension liability was \$31.6 million. The SLFPA-E's portion of the State's total net pension liability (approximately \$6 trillion) is .50639 percent.

Ms. Hammond reported the following:

- No unusual or significant transactions were identified.
- The auditor did not discuss any alternative treatments of any principles with management.
- The appropriate disclosures were made.
- There were no material adjustments that were not already known prior to the field work.
- There were no material uncorrected misstatements.
- No disagreements were encountered with management.
- The auditor was not aware of any consultations that management had with any other external accountants.
- No significant issues were discovered during the audit.
- The auditor did not encounter any difficulties in dealing with management.

Ms. Hammond pointed out that the footnotes are an important part of the financial statements and should be read in their entirety. A single audit was conducted on the FEMA disaster grants and Airport Improvement Grant. There were no findings relative to the single audit.

Ms. Hammond advised that two required supplementary information schedules are included in the report. A footnote was included to describe the Authority's net position at the beginning of the year and the effect of the prior period adjustments required by GASB 68.

Mr. Angers thanked Ms. Hammond for her report.

C. Review of Capital Outlay requests by levee districts.

Wilma Heaton, SLFPA-E Director of Government Affairs, explained that applications are filed annually for funding from the Louisiana Capital Outlay Program (COP). The requests for funding quantify levee district needs and provide an opportunity for baseline applications. Legislative letters of support are required and legislators are informed concerning levee district needs.

Ms. Heaton reported that one of last year's requests was for funding for the planning and construction of a new O.L.D. Police Complex on Elysian Fields Avenue. The Louisiana Bond Commission granted a \$1 million non-cash line of credit under Priority 5 for the project. Two million dollars has been included in the O.L.D. capital budget for 2016. She expressed confidence that the police complex can be constructed for \$3 million. A Cooperative Endeavor Agreement with the State is needed to allow the use of O.L.D. funds to demolish the structure currently on the site and begin work on the design of the new complex. The O.L.D. will continue its request for \$1 million of COP funding until the project is completed.

Ms. Heaton further reported that the Louisiana Bond Commission approved an \$11 million non-cash line of credit under Priority 5 for a project in the Lake Borgne Basin Levee District, which is a part of a \$36 million multi-agency (federal/state/local) project.

D. Discussion of renewal of Orleans Levee District Auto Liability Insurance coverage.

Gerry Gillen, O.L.D. Executive Director, advised that a revised quote was received from AIG this morning that will provide an additional savings of approximately \$7,000 for the levee district. The premium for the upcoming year is \$20,000 less than last year's premium. It was noted that the O.L.D. is reaping the positive results of its safety program with the savings achieved in its insurance renewals.

E. Discussion of roll/back – roll/forward of Orleans Levee District millage rates at the November 19, 2015 Board meeting.

Mr. Gillen advised that the new Special Levee Improvement (SLIP) tax, which includes 0.61 mils for the NFPAMA, takes effect in 2016. He recommended that the General Fund and Maintenance Tax millage rates be rolled forward at the November Board

meeting to the current (2015) rates. Preliminary calculations indicate that the roll forward would generate approximately \$500,000 of additional General Fund and Maintenance Tax revenues. Mr. Hassinger asked whether it is critical to O.L.D. operations that the millage rates be rolled forward. Mr. Gillen replied, yes, and pointed out that a number of required projects come up that are not included in the budget.

There was no further business; therefore, the meeting was adjourned at 10:55 a.m.