

**MINUTES OF THE
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
BOARD MEETING
THURSDAY, JULY 16, 2009**

The regular monthly Board Meeting of the Southeast Louisiana Flood Protection Authority - East (Authority or SLFPA-E) was held on Thursday, July 16, 2009, in the Second Floor Council Chambers, Joseph Yenni Building, 1221 Elmwood Boulevard, Harahan, Louisiana, after due legal notice of the meeting was sent to each Board member and the news media and posted.

Mr. Doody called the meeting to order at 9:35 a.m. and led in the pledge of allegiance.

PRESENT:

Timothy P. Doody, President
Stradford A. Goins, Vice President
George Losonsky, PH.D., Secretary
Stephen Estopinal, Treasurer
David P. Barnes, Jr.
Thomas L. Jackson
Ricardo S. Pineda
Louis E. Wittie

ABSENT:

John M. Barry
Abril B. Sutherland

OPENING COMMENTS:

Mr. Doody announced that a Geological Symposium would be held after the Board Meeting. The Geological Symposium is a joint public meeting being held by the Southeast Louisiana Flood Protection East and West Authorities.

Mr. Doody advised that he was invited to participate in a trip planned by the West Authority to Washington, D.C. Representatives of the maritime industry were also invited to participate. A meeting was held in Washington with congressional staff members concerning the operation and maintenance (O&M) of the Inner Harbor Navigation Canal (IHNC) Surge Barrier Project. The Project components include the Seabrook and Bayou Bienvenue gated structures. He explained that the need to assign the Project's O&M responsibility to the U.S. Army Corps of Engineers (USACE) is becoming clearer to everyone. The IHNC Barrier Project O&M responsibilities will include the opening and closing of the structures during weather related events, as well as the coordination of maritime traffic through the structures before and after their closure. Sixty-five tows are estimated to pass each day through the IHNC structures carrying approximately 70 million tons of cargo annually. Virtually all of the jet fuel used by the military along the central Gulf Coast and nearly all of the gasoline used by the residents in lower Mississippi, Alabama and the Florida panhandle will pass through the structures. The NASA external fuel tanks are transported along these inland

waterways. Mr. Doody pointed out that the Authority's charge and priority is flood protection and not the coordination of navigation through the surge barrier structures. He explained that in order to fulfill its duties the Authority would close the gates long before a potential event, perhaps interrupting interstate trade and maritime activities. Karen Durham-Aguilera, Director of Task Force Hope, had advised that after her trip to the Czech Republic she had a greater appreciation of what would be required for the O&M of the IHNC Barrier navigation structures. If assigned, the USACE will accept the O&M responsibility. Every other structure with a navigation component along an inland waterway is operated and maintained by the USACE. Mr. Doody commented that it would only take a single event to point out the national security interest that is at stake and to lead the Federal government to realize that assigning the O&M to an agency that is not designed to handle it would be a huge mistake—potentially leading to the next failure of the system. Although the surge barrier is being built as flood protection, a navigation channel crosses through this flood protection system. An oversight created this problem and this oversight needs to be corrected as soon as possible.

Mr. Doody commented that the Mississippi River Gulf Outlet (MRGO) rock closure was completed as of July 9th. The project was completed before the USACE's goal for completion and below budget. The closure will significantly reduce salt water intrusion and dampen wave energy in a storm event.

Mr. Doody advised that the Legislative session ended without an agreement on any Bohemia Spillway bill. This is the second successive year that potentially damaging legislation was offered. Positive action is needed to memorialize the actual history of the Bohemia Spillway and the land transactions. He explained that the story often told is of a corrupt group (the levee district) stealing land from private land owners; however, nothing could be farther from the truth. The truth needs to be memorialized and the record set straight. Therefore, he stated that a firm will be engaged to document the historical facts surrounding the creation of the Bohemia Spillway, its usefulness today, and the Constitutional limitation of the Orleans Levee District to collect one-half of the taxes allowed to other levee districts because of the past Spillway generated revenues.

Mr. Doody explained that legislation was also proposed that would have affected the non-flood assets owned by the Orleans Levee District, but operated by the Division of Administration. More than likely, a committee will be formed to consider the best way to manage those assets.

Mr. Goins commented that House Bill 796, which removes St. John and St. Charles Parishes from the Authority's jurisdiction, has been signed by the Governor. Therefore, the Authority no longer has input on the western edge of the basin. He pointed out that the regionalization issue needs to be revisited.

ADOPTION OF AGENDA:

The agenda was amended to include (Item XIII.A.3) a resolution to change the Authority's official domicile. A motion was offered by Mr. Wittie to adopt the amended

agenda. The motion was seconded by Mr. Losonsky and unanimously adopted by a roll call vote.

RESOLUTION #07-16-09-01 – APPROVAL OF MINUTES

On the motion of Mr. Wittie,
Seconded by Mr. Estopinal, the following resolution was offered:

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East hereby approves the minutes of the Board Meeting held on June 18, 2009.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

PUBLIC COMMENTS:

Robert Counce, representing the Bayou St. John Conservation Alliance, advised that a \$250,000 appropriation to the Orleans Levee District has been included in the Capital Outlay bill specifically for Bayou St. John studies and projects. It received the highest priority that a new appropriation can receive. He thanked the Authority for adopting the resolution that was used to campaign for this legislation. Matching grant funding is being investigated through the Wallop/Breaux Act. Mr. Counce thanked Senator Ed Murray for spearheading this effort and Representative Ernst for his help.

COMMITTEE REPORTS:

Finance Committee: The Finance Committee met on July 9th. Mr. Estopinal reported that the Committee reviewed the renewal of several insurance coverages. The recommendations are contained in the resolutions presented in the agenda package. In looking at the renewal of excess flood insurance coverage, the Committee assessed the risk of loss and coverage parameters. The Committee discussed and recommended revisions to the Orleans Levee District's Special Levee Improvement (SLIP) Fund Budget. The Compliance Questionnaires prepared by the levee districts were reviewed. The Committee requested that the Questionnaires be standardized. The revised Compliance Questionnaires are included in the Board's agenda packages.

Legal Committee: The Legal Committee met on July 9th. Mr. Goins reported that the Committee approved legal invoices and was provided an update on go-going litigation. Several required servitudes were discussed and resolutions have been placed on the Board's agenda for their approval.

Operations Committee: The Committee did not meet in the month of July.

Special Issues Committee: The Committee did meet in the month of July.

REGIONAL DIRECTOR'S REPORT:

Mr. Turner reviewed the Regional Director's Report (appended to minutes).

Mr. Jackson requested that Mr. Turner work with the USACE so that a requirement for the stockpiling of borrow material is included in project specifications in the event that borrow pits in the Bonnet Carre Spillway become inaccessible next spring.

Mr. Turner was asked to provide an update on the vacant position of Lake Borgne Basin Levee District (LBBLD) Executive Director. Mr. Turner advised that several people were interviewed for the position. Dan Caluda has agreed to continue working for the LBBLD until December. Mr. Turner stated that he would like to proceed with an offer to the individual that he determined best qualified to fill the position.

The Board discussed the USACE Elevation Map, FEMA maps and risk communication. Mr. Estopinal pointed out that the FEMA maps are rated for insurance purposes and do not relate to safety from flooding. Mr. Turner advised that an ID-IQ contract task order has been issued to Taylor Engineering to look at the various approaches used to come up with internal polder water surface elevations and to attempt to understand the differences, so that the public can be informed about what they should be looking at to determine their level of risk.

Mr. Pineda asked for an update on the status of borrow issues. Mr. Turner explained that due to the decision to construct T-walls in lieu of earthen embankments on 22 miles of levee in St. Bernard Parish, the issue of borrow material for the East Authority is not as great as it had been. Much of the borrow material that was going to be required to expand those levees would no longer be needed. He described how the design criteria were modified for the St. Bernard section of the system in order to achieve 500 year resiliency and the 100 year level of protection, and in order to limit wave overtopping. Mr. Doody added that the USACE has identified a large amount of borrow material. It now becomes a matter of finding the most efficient and cost effective method to deliver the borrow material where and when it is needed. He also noted that a major concern for the Authority would be to make sure that funding is available for armoring the system when the projects are completed in order to ensure resiliency.

Mr. Doody requested that Leo Richardson with the Lake Catherine Civic Association be allowed to address the Board out of order.

Mr. Richardson addressed the Board concerning the partnership between the Lake Catherine Civic Association (Association) and the Authority relative to the disposition of some of the twin span rubble material. The Association and the Authority had jointly advocated informally with the Department of Natural Resources (DNR) and the Department of Transportation and Development (DOTD) concerning the disposition of the material for the building of a jetty to protect the narrow area of the Orleans Land Bridge. The Land Bridge serves as the primary surge protection barrier for Lake

Pontchartrain communities with regards to surge coming from the Gulf of Mexico during storm events. He stated that he recently learned that the DNR has apparently changed its position in regards to the use of the material. His understanding was that it was going to be dedicated to shoreline protection along the National Wildlife Refuge from Irish Bayou to the Chef Menteur Pass. However, he now understands that it is going to be used for a CIAP Project, which he stated he was somewhat instrumental in bringing to the table some years ago. The Orleans Land Bridge CIAP Project aims to armor shoreline from Alligator Point west to Bayou Bienvenue. He stated that his understanding was that the CIAP Project had its own funding of \$15 million from Orleans Parish and \$27 million of CIAP funds from the State. The use of the twin span material would be a substitution of sourcing that had previously been budgeted for that project. He requested that the Authority look further into the possibility of having that material reconsidered for deployment to strengthen the Orleans Land Bridge. The area that the Association had pointed out in the past as being highly vulnerable has become even more vulnerable. He hoped that the Authority would re-engage with the DNR to see what could be done with some of the material. He offered the Association's assistance is searching for cost share funds for placing the material.

Mr. Doody commented on the engineering work that needs to be done and advised that the Authority now has engineering contracts in place that can be utilized. The issues of funding, engineering and planning must be considered.

RESOLUTION #07-16-09-02 – ORLEANS LEVEE DISTRICT RENEWAL OF EXCESS FLOOD INSURANCE COVERAGE FOR THE FRANKLIN WAREHOUSE BUILDING AND CONTENTS

Gerry Gillen, Orleans Levee District (O.L.D.) Executive Director, explained that last month the Board approved the maximum primary flood insurance coverage. The excess flood insurance coverage was brought back to the Finance Committee for re-consideration. The excess coverage on the facility was reduced from \$4 million to \$1 million, which reduced the premium by \$20,000. He recommended approval of Option 2 for coverage limits of \$1 million on the building and \$1 million on the contents.

On the motion of Mr. Jackson,
Seconded by Mr. Estopinal, the following resolution was offered:

- WHEREAS**, the Excess Flood Insurance Coverage for the Franklin Facility Warehouse Building is due to expire on July 29, 2009; and
 - WHEREAS**, Lexington Insurance Company has offered to renew the Excess Flood Insurance Coverage through Eagan Insurance Agency at a total annual cost of \$14,437.50 for Option 2 coverage; and
 - WHEREAS**, the limits coverage (Option 2) of the Excess Flood Insurance is \$1 million for the warehouse building and \$1 million for contents.
- BE IT HEREBY RESOLVED**, that the Southeast Louisiana Flood Protection Authority-East authorizes the procurement of Excess Flood Insurance Coverage offered by Lexington Insurance Company through the Eagan Insurance Agency at a

total annual cost of \$14,437.50 for a period of one year, commencing on July 29, 2009 and ending on July 29, 2010 at 12:01 a.m.

BE IT FURTHER RESOLVED, that the Orleans Levee District Executive Director is hereby authorized to execute any and all documents necessary to carry out the above.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

Notice of the intent to amend the Board's Bylaws to provide authority to the SLFPAE President to sign documents that are needed for an immediate purpose on behalf of the Secretary in his/her absence. (Resolution to amend Bylaws will be placed on the Agenda for the Board's August 20, 2009 meeting.)

Mr. Doody noted that Mr. Barry had recommended at the last Board meeting that the Bylaws be amended to provide authority to the SLFPAE President to sign documents that are needed for an immediate purpose on behalf of the Secretary in his/her absence.

RESOLUTION #07-16-09-03 – LOUISIANA COMPLIANCE QUESTIONNAIRES

Mr. Estopinal explained that the Compliance Questionnaires contain a series of questions that must be answered for the Authority and each of the levee districts and executed by Officers of the Board. The Questionnaires have been standardized in appearance and made consistent across the districts.

On the motion of Mr. Goins,

Seconded by Mr. Wittie, the following resolution was offered:

WHEREAS, Section 327.08 of the Louisiana Governmental Audit Guide (the Guide) specifies that the Louisiana Compliance Questionnaire is a required part of any audit of Louisiana; and

WHEREAS, the Guide further specifies that the responses contained in the questionnaire should be reviewed by the governing body and approved in an open meeting.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East approves the representations made by management in the Louisiana Compliance Questionnaires for the Southeast Louisiana Flood Protection Authority-East (SLFPAE), the Orleans Levee District, the East Jefferson Levee District and the Lake Borgne Basin Levee District.

BE IT FURTHER RESOLVED, that the SLFPAE President and SLFPAE Regional Director or Levee District Executive Director, as appropriate, are authorized to sign the Louisiana Compliance Questionnaires.

The foregoing was submitted to a vote, the vote thereon was as follows:
YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie
NAYS: None
ABSENT: Mr. Barry

RESOLUTION #07-16-09-04 – DESIGNATION OF OFFICIAL DOMICILE

Mr. Doody advised that the SLFPA-E now occupies the space in the Lake Vista Community Center that was formerly occupied by the O.L.D. Non-Flood Assets Division.

On the motion of Mr. Losonsky,
Seconded by Mr. Goins, the following resolution was offered:

WHEREAS, the Board’s Bylaws provide under Article 2 for an Official Domicile of the Southeast Louisiana Flood Protection Authority-East at such place in the territorial jurisdiction of the Authority as the Board may designate by Resolution from time to time.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East designates the location of its official domicile at 6508 Spanish Fort Boulevard, New Orleans, Louisiana.

The foregoing was submitted to a vote, the vote thereon was as follows:
YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie
NAYS: None
ABSENT: Mr. Barry

RESOLUTION #07-16-09-05 – EJLD GENERAL LIABILITY AND AUTOMOBILE INSURANCE COVERAGES

Hardie Edgecombe with Arthur J. Gallagher Risk Management Services, Inc., explained that the district’s actual exposure base has increased due to the purchase of additional vehicles; however, the rate per vehicle was reduced by approximately 5 percent. He recommended renewal of Automobile Insurance Coverage with Southern Insurance Company, which is A.M. Best rated A-13. The limits of the General Liability Insurance coverage is \$1 million per occurrence with a \$2 million aggregate. The exposure base, which is based on payroll and budget, increased, but the rate decreased. Therefore, the cost of this year’s coverage remains the same as last year’s coverage. He recommended renewal of General Liability Insurance coverage with Ace Insurance Company, which is A.M. Best rated A+15. Mr. Edgecombe also recommended that the East Jefferson Levee District (EJLD) procure Commercial Crime Insurance coverage.

On the motion of Mr. Goins,
Seconded by Mr. Wittie, the following resolution was offered:

WHEREAS, the East Jefferson Levee District's (EJLD) General Liability Insurance and Automobile Insurance coverages will expire on July 19, 2009; and

WHEREAS, Southern Insurance Company, the expiring carrier, has submitted a quote for renewal of Automobile Insurance Coverage at an annual cost of \$130,714.00; and

WHEREAS, ACE Insurance Company, the expiring carrier, has submitted a quote for renewal of General Liability Insurance coverage at an annual cost of \$71,754.90; and

WHEREAS, Travelers Insurance Company has submitted a quote for the procurement of Commercial Crime Insurance coverage at an annual cost of \$2,288.00; and

WHEREAS, the aforementioned quotes were received through Arthur J. Gallagher Risk Management Services.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East authorizes the renewal of Automobile Insurance coverage with Southern Insurance Company at an annual cost of \$130,714 and General Liability Insurance coverage from ACE Insurance Company at an annual cost of \$71,754.90, and the procurement of Commercial Crime Insurance coverage with Travelers Insurance Company at an annual cost of \$2,288, for a one year term, through Arthur J. Gallagher Risk Management Services, and authorizes the EJLD Executive Director to execute any and all documents necessary to accomplish the above.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Lososky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-06 – EJLD- LIFE INSURANCE COVERAGE

Jonell Blowers, representing the EJLD, explained that this change in coverage will save the EJLD about \$480 per month and provide \$10,000 of additional coverage. The change in coverage was discussed and recommended by the Finance Committee.

On the motion of Mr. Wittie,

Seconded by Mr. Estopinal, the following resolution was offered:

WHEREAS, the current provider of life insurance coverage for employees, dependents and retirees of the East Jefferson Levee District (EJLD) is One America; and

WHEREAS, the EJLD has received a quote from Prudential for life insurance coverage at a lesser cost than offered by the current provider for the following coverages:

- Employee - One Times Base Annual Earnings up to \$50,000
- Spouse - \$2,000 Maximum
- Dependent child - \$1,000 maximum
- Coverage reduced by 35% at age 65 and by 50% at age 70.

- Current retirees will remain at current coverage maximum of \$40,000 subject to reduction due to age.

BE IT HEREBY RESOLVED, the Southeast Louisiana Flood Protection Authority-East authorizes the procurement of life insurance coverage as stated above from Prudential, effective September 1, 2009.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-07 –

O.L.D. GENERAL LIABILITY INSURANCE COVERAGE

Mr. Edgecombe explained that the O.L.D.'s General Liability coverage limits are \$2 million per occurrence with a \$5 million aggregate. These coverage limits are required because of a contract with the railroad. Various deductible options were explored; however, after looking at the savings versus the risks he recommended that the deductible remain at \$25,000. He advised that TRIA coverage is available; however, he did not recommend that the coverage be obtained.

On the motion of Mr. Wittie,

Seconded by Mr. Losonsky, the following resolution was offered:

WHEREAS, the Orleans Levee District's (O.L.D.) General Liability Insurance coverage will expire on July 19, 2009; and

WHEREAS, a quote has been received from ACE Insurance Company, the expiring carrier, through Arthur J. Gallagher Risk Management Services, for renewal of General Liability Insurance coverage at an annual cost of \$120,412.95; and

WHEREAS, aforementioned premium will be pro-rated between the O.L.D. Flood Assets Division and the O.L.D. Non-Flood Assets Division with 50 percent of the cost allocated to each division.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East authorizes the renewal of General Liability Insurance coverage with ACE Insurance Company at an annual cost of \$120,412.95, for a one year term, through Arthur J. Gallagher Risk Management Services, and authorizes the O.L.D. Executive Director to execute any and all documents necessary to accomplish the above.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-08 – PERMANENT SERVITUDE AGREEMENT WITH U.S. FISHERIES AND WILDLIFE SERVICE

Mr. Gillen advised that the agreement is currently being reviewed. The resolution presented provides for the execution of the final document, subject to the approval of the Regional Director and Counsel to the Authority.

On the motion of Mr. Wittie,
Seconded by Mr. Goins, the following resolution was offered:

WHEREAS, the U.S. Army Corps of Engineers has requested right of entry for the construction of Lake Pontchartrain and Vicinity Hurricane Protection Projects (LPV) 109.02a, South Point to CSX Railroad, and 111.01, CSX Railroad to Pump Station 15, 100-Year Protection, Lake Pontchartrain, Orleans Parish; and

WHEREAS, Permanent Servitude Agreements are needed with the U.S. Fisheries and Wildlife Service for certain areas for the construction of said Projects.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East (SLFPA-E) approves Permanent Servitude Agreements by and between the U.S. Fisheries and Wildlife Service and the Orleans Levee District for the construction of LPV 109.02a, South Point to CSX Railroad, and LPV 111.01, CSX Railroad to Pump Station 15, Orleans Parish, Louisiana.

BE IT FURTHER RESOLVED, that SLFPA-E authorizes the SLFPA-E Regional Director and Counsel to the Authority to approve the final form of the Permanent Servitude Agreements.

BE IT FURTHER RESOLVED, that the SLFPA-E President is hereby authorized to execute the Permanent Servitude Agreements upon the approval of the SLFPA-E Regional Director and Counsel to the Authority.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Lososky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-09 – O.L.D. EASEMENT/SERVITUDE AGREEMENTS WITH THE CITY OF NEW ORLEANS

Mr. Gillen stated that the O.L.D. would like to be in a position to have the finalized servitudes with the City of New Orleans executed as soon as possible.

Mr. Doody discussed the delay in the City's execution of the servitude required for the construction of LPV 101. Mr. Gillen advised that bids have been received for LPV 101; however, the contract cannot be awarded until the servitude is executed.

On the motion of Mr. Wittie,
Seconded by Mr. Goins, the following resolution was offered:

WHEREAS, the U.S. Army Corps of Engineers is in need of rights of entry on a timely basis for the construction of Lake Pontchartrain and Vicinity Hurricane Protection Project, 100-Year Protection, Orleans Parish, Louisiana; and

WHEREAS, perpetual and assignable servitudes, rights and easements over and in certain pieces of immovable property are required between the Orleans Levee District and the City of New Orleans for the construction of the Project.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East (SLFPA-E) approves any Easement/Servitude Agreements by and between the City of New Orleans and the Orleans Levee District required for the Lake Pontchartrain and Vicinity Hurricane Protection Project, 100 Year Protection, Orleans Parish, Louisiana.

BE IT FURTHER RESOLVED, that SLFPA-E authorizes the SLFPA-E Regional Director and Counsel to the Authority to approve the final form of the Easement/ Servitude Agreements.

BE IT FURTHER RESOLVED, that the SLFPA-E President is hereby authorized to execute the Easement/Servitude Agreements upon the approval of the SLFPA-E Regional Director and Counsel to the Authority.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-10 – 2009 ORLEANS LEVEE DISTRICT BUDGET REVISIONS

Jim Bollinger, O.L.D. Comptroller, explained that at the time the FY 2009 SLIP Fund Budget was approved, the assumption was made that the Board would approve a roll forward of the SLIP ad valorem tax millage rate to the full extent allowed by law. The Board did not approve a full roll forward of the SLIP millage rate; therefore, there was \$3 million less in tax revenues than assumed. In addition, interest income was lower than anticipated. The line items "Increase in Other Financing Sources" and "Increase in Other Uses" account for the \$12 million that was submitted by NASA for the USACE for a proposed levee improvement project. The O.L.D. had agreed to act as a conduit for this money, which will be used to improve the levee around the NASA facility.

Mr. Doody commented on the recent restrictions passed by the Legislature which would limit the levee districts' ability to roll forward millage rates in the future.

On the motion of Mr. Wittie,

Seconded by Mr. Losonsky, the following resolution was offered:

WHEREAS, by Resolution No. 3-20-08-07, the Board approved the General Operating Budget and Special Levee Improvement Projects (SLIP) Fund Budget for Fiscal Year 2009 to provide for required expenditures for personnel services,

contractual services, operating supplies, equipment, annual debt service and capital projects; and

WHEREAS, when actual results or expectations change materially, adjustments are considered and proposed as amendments for the Board's approval; and

WHEREAS, the decision not to roll forward the SLIP fund tax and other changes in circumstances resulted in substantial changes in several categories of revenue and expenses for the SLIP fund; and

WHEREAS, it is necessary to amend the budget for Fiscal 2009 to comply with Board policy and applicable state law, which require that budgets be changed to reflect new expectations. Such revisions are detailed on the financial schedules attached hereto and made a part hereof; and

WHEREAS, the following summarized adjustments are determined to reflect the projected operating results of the SLIP Fund operations based on the latest revenue and expenditure data.

Special Levee Improvement Fund

| | | |
|----|-------------------------------------|---------------------|
| 1. | Decrease in Revenue | \$ (2,942,000) |
| 2. | Increase in Other Financing Sources | 12,000,000 |
| 3. | Decrease in Capital Spending | 1,665,000 |
| 4. | Increase in Other Uses | <u>(12,338,070)</u> |
| | Net Decrease in Surplus | \$ (1,615,070) |

BE IT HEREBY RESOLVED, That the revisions to the Fiscal Year 2009 Special Levee Improvement Budget is approved.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

**RESOLUTION #07-16-09-11 – LBBLD AUTOMOBILE INSURANCE
AND GENERAL LIABILITY INSURANCE COVERAGES**

Mr. Edgecombe explained that the General Liability Insurance coverage limits are \$2 million per occurrence with a \$5 million aggregate due to a contract with the railroad. The LBBLD's rates decreased; however, the exposure base increased. This resulted in an increase in cost of about \$30 for General Liability Insurance coverage. He recommended the procurement of Hull and P&I Insurance and Vessel Insurance coverages through Great American Insurance. He explained that the insurance coverages are being coordinated so that they expire on one of two dates. Therefore, a short term policy is recommended for Property Insurance coverage for the period of 8-30-09 to 7-19-10. The Property Insurance deductible is \$10,000 per occurrence and 3 percent of total insurable values per occurrence, subject to a \$100,000 minimum for named storms wind/hail and \$25,000 per occurrence for all other wind/hail.

On the motion of Mr. Wittie,

Seconded by Mr. Estopinal, the following resolution was offered:

WHEREAS, the Lake Borgne Basin Levee District's (LBBLD) Automobile Insurance, General Liability Insurance, Hull and P & I Insurance and Vessel Pollution Insurance coverages will expire on July 19, 2009; and

WHEREAS, the LBBLD's Property Insurance Coverage will expire on August 29, 2009; and

WHEREAS, quotes have been received for the renewal of these insurance coverages through Arthur J. Gallagher Risk Management Services, as follows:

- General Liability Insurance with ACE Insurance Company at an annual cost of \$92,290.80.
- Auto Insurance with Southern Insurance Company at an annual cost of \$57,980.
- Hull and P & I Insurance with Great American Insurance at an annual cost of \$18,850.
- Vessel Pollution Insurance with Great American Insurance at an annual cost of \$1,400.
- Property Insurance with Landmark American at a cost of \$71,422.05 with a policy period of 8-30-09 to 7-19-10.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East (SLFPA-E) authorizes the procurement of the following insurance coverages for a period of one year through Arthur J. Gallagher Risk Management Services:

- General Liability Insurance with ACE Insurance Company at an annual cost of \$92,290.80.
- Auto Insurance with Southern Insurance Company at an annual cost of \$57,980.
- Hull and P & I Insurance with Great American Insurance at an annual cost of \$18,850.
- Vessel Pollution Insurance with Great American Insurance at an annual cost of \$1,400.

BE IT FURTHER RESOLVED, that the SLFPA-E authorizes the procurement of Property Insurance with Landmark American at a cost of \$71,422.05 with a policy period of 8-30-09 to 7-19-10.

BE IT FURTHER RESOLVED, that the SLFPAE Regional Director is authorized to execute any and all documents necessary to accomplish the above.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

RESOLUTION #07-16-09-12 – CEA WITH PLAQUEMINES PARISH--LPV 149

Robert Lacour, General Counsel, requested that the Board approve the Cooperative Endeavor Agreement, subject to minor technical changes, so that the document can be

executed as soon as the parties reach an agreement. Mr. Doody added that this agreement is required in order for the LBBLD to have the ability to go into Plaquemines Parish to operate and maintain the realigned levee and other structures that are a part of the LBBLD levee system.

On the motion of Mr. Wittie,
Seconded by Mr. Estopinal, the following resolution was offered:

WHEREAS, the United State Army Corps of Engineers, Lake Pontchartrain and Vicinity ("LPV"), Hurricane Protection Project, LPV 149, in St. Bernard Parish, Louisiana, includes levees, control structures, floodwalls and floodgates, some of which may be located in the Parish of Plaquemines; and

WHEREAS, the Lake Borgne Basin Levee District wishes to operate and maintain the Project; and

WHEREAS, the portion of the Project location in Plaquemines Parish is outside of the jurisdiction of the Lake Borgne Basin Levee District and the Parish's consent and permission is required to locate, construct, operate and maintain part of the Project in the Parish of Plaquemines; and

WHEREAS, the Lake Borgne Basin Levee District and Plaquemines Parish agree that the location, construction, operation and maintenance of the Project by Lake Borgne Basin Levee District or its assigns will be in the best interest of the parties, and in accordance with the grants of authority in La. R.S. 38:281 et seq and La. R.S. 33:1324.

BE IT HEREBY RESOLVED, that the Southeast Louisiana Flood Protection Authority-East (SLFPA-E) approves a Cooperative Endeavor Agreement between the Lake Borgne Basin Levee District and the Parish of Plaquemines.

BE IT FURTHER RESOLVED, that SLFPA-E authorizes the SLFPA-E Regional Director and Counsel to the Authority to approve the final form of the Cooperative Endeavor Agreement.

BE IT FURTHER RESOLVED, that the SLFPA-E President is hereby authorized to execute the Cooperative Endeavor Agreement between the Lake Borgne Basin Levee District and the Parish of Plaquemines upon the approval of the SLFPA-E Regional Director and Counsel to the Authority.

The foregoing was submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Barnes, Mr. Goins, Mr. Estopinal, Mr. Jackson, Mr. Losonsky,
Mr. Pineda and Mr. Wittie

NAYS: None

ABSENT: Mr. Barry

The next Board meeting will be held on August 20, 2009, and hosted by the Orleans Levee District.

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

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST

REGIONAL DIRECTOR'S REPORT

July 16, 2009

100 Year Level of Protection

Inner Harbor Navigation Canal Hurricane Storm Surge Barrier:

Design work on the project continues. The overall design of the entire project is approximately 72% complete. Our emphasis continues to be Operation & Maintenance considerations and the necessity to "design in" reasonable O&M features early in the process.

The towers on the proposed Bayou Bienvenue lift gate are currently shown as being constructed with steel framing. We have requested the USACE consider concrete towers to reduce maintenance costs and are awaiting the results of an evaluation to resolve this issue.

We requested the USACE to place the control room of the new Bayou Bienvenue Lift Gate on the south side of the structure for easier access and O&M. The Corps has decided to construct the gate with the control room on the north side.

On July 7, 2009 we toured the construction site with USACE representatives by boat. We witnessed pile driving operations for the GIWW barge gate and for the floodwall (66" dia. concrete piles), and fill operations in the MRGO segment. The Corps has offered to arrange for additional site visits for SLFPAE Commissioners and staff.

More than 40% of the 66" diameter concrete piles (520 piles) have been driven with no major difficulties. Pile driving operations for the Barge Gate foundation started earlier last month. Steel batter pile installation has begun and floodwall cap installation is scheduled to begin at the end of July 2009.

Fill operations in the MRGO segment of the project are scheduled for completion in August 2009. To date, approximately 40,000 tons of rock and 40,000 tons of sand have been placed in the existing channel section.

The Project Team has begun meeting weekly to discuss hurricane preparedness and evacuation plans. There are more than 140 marine vessels working on the Project.

East Jefferson Levee District:

Reach 5:

The Contractor began work about six months ago (280 day contract duration). Flooding in the spillway temporarily shut down the borrow pit, thus suspending work on the project. The pit has been reopened and work on this reach has recently resumed.

Construction contracts are scheduled to be executed for Reaches 1, 2, 3, and 4 and the Duncan Breakwater Project in the 3rd quarter of this year.

Bonnabel Breakwater Project:

The project is now underway and is approximately 15% complete.

Orleans Levee District:

LPV 102.01, 103.01, and 104.01 Projects are 100% complete.

LPV 101.02 (17th St. Canal to Topaz Street):

The Construction Contract is ready for award. We are awaiting ROE from the City of New Orleans for a deep pile tip easement. SLFPAE OLD and the Corps have contacted the City in an effort to expedite the process.

LPV 109.02A (South Point to CSX Railroad)

The Permanent Servitude Agreement with USFWS has been drafted and is under review by all parties.

LPV 111.01 (North Side GIWW)

The USACE awarded a \$3.1 million pre-construction services contract (ECI Contract) last week. The contract includes three options for construction of levee sections, and a T-wall from the end of the earthen levee to the Inner Harbor Navigation Canal tie-in. These options, when exercised will account for the majority of the estimated \$295 million in project construction costs.

LPV 103.01A1 and LPV 104.01A (Bayou St. John And Ramp Crossings)

We are awaiting Right of Entry from the City of New Orleans.

LPV 113 (NASA)

Construction is scheduled to begin in early August 2009.

Lake Borgne Basin Levee District:

LPV 144 – Bayou Dupre Control Structure:

Design is continuing and nearing 95% submittal. We have requested design modifications to allow for manual closure of the sector gates without having to secure the services of a tug boat.

LPV 145, 146, and 148 – Bayou Dupre to Caernarvon Levee/Floodwall:

The USACE's proposed alternative for improving the Chalmette Loop of the LPV is a T-Wall floodwall atop a levee section for nearly the entire 22 mile reach. The IER is complete and was signed on May 26, 2009. Design is continuing. The ECI Contracts for LPV 145 will be let this month.

LPV 149 Caernarvon Floodwall – Lake Borgne Basin Levee District:

It appears that the USACE will recommend a realignment of the Caernarvon levee/floodwall to a location east of the Caernarvon Canal. This will require a new Control Structure in the Caernarvon Canal. The St. Bernard Parish Government and the general public (particularly residences and businesses near the existing floodwall alignment) favor the USACE's proposed alignment change.

The USACE is considering use of a stop log structure as opposed to a sector gate at this location. Closure of a stop log structure will have to be undertaken well in advance of an approaching storm, thereby eliminating Caernarvon Canal as a safe harbor for marine vessels.

The IER is scheduled to be released for public comment in July 2009.

We will develop and execute an agreement with Plaquemines Parish Government because the new alignment for this project is located outside the jurisdictional boundaries of Lake Borgne Basin Levee District. The agreement would allow for construction of the project in Plaquemines Parish and would place the responsibility for maintenance with LBBLD. Draft language for the agreement was developed by Mr. Lacour and has been forwarded to Plaquemines Parish for review and comment.

Permanent Pump Stations and Outfall Canals:

According to the USACE, they are authorized and funded to design/construct perimeter protection only (Option 1). They are authorized but not funded to do an engineering study, which would include modifying the outfall canals to allow for gravity flow to the new pump stations at the lake and removing the existing upstream pump stations (Option 2/2a). This study would include a risk assessment of Option 1. Funding for the study would probably have to be included in the Corps' Federal Works Appropriations Budget.

According to USACE, design and construction Option 2/2a is neither authorized nor funded. All agree, however, that Option 2/2a is technically superior to Option 1 alone. In any case, it is imperative that the new pump stations be designed and constructed with deep sills to accommodate construction of Option 2/2a. Failure to do at least this would make conversion of the outfall canals to gravity flow low level interior drainage channels impracticable.

Development of the RFQ for design/build is continuing with input from stakeholders.

Elevation Map:

The USACE has published a map showing the 100 year level of protection elevations for the hurricane protection levee system in the metro New Orleans area. The elevations depicted are current as of June 2009. The map can be found at the following web address:

http://www.mvn.usace.army.mil/hps2/pdf/100-Year%20Status%20Map_051209_Final.pdf

Coastal Protection and Restoration

Lake Borgne Basin Levee District:

The Violet Freshwater Diversion siphon is in operation at 100% capacity. LBBLD is preparing specs for the purchase of a new vacuum pump. LBBLD will be reimbursed by DNR for the cost of the pump.

The MRGO closure at Bayou La Loutre ridge is complete for all practical purposes. More than 340,000 tons of rock were used to complete the closure.

Additional Coastal Restoration projects in the MRGO area scheduled to begin during the next 12 months. The projects will be designed and constructed through the USACE and will be funded with the \$75 million dollars in federal appropriations provided after Hurricane's Katrina and Rita.

Flood Fight

The Mississippi River is just below 5' at the Carrollton Gage in New Orleans. The River has fallen rapidly over the last several weeks and we are monitoring the river banks for signs of slides.

Design and Construction

East Jefferson Levee District:

The USACE has installed piezometers to monitor groundwater fluctuations for an area showing signs of seepage on Levee Reach 4. EJLD personnel are visually monitoring the area.

Orleans Levee District:

Work is complete on the LPV 101.01 Advance Measures sheet pile contract. The USACE is awaiting the revised set of As-Builts from the contractor before turning this project over to Orleans Levee District for O&M.

Construction on LPV 108 began three months ago. This project will bring the elevation of the levee to pre-Katrina authorized elevation, which is higher than the new 100 year elevation. It is scheduled for completion in the second quarter of 2010.

Tree removal along LPV 109 alignment (Southpoint to CSX) has been completed pending final inspection.

LPV 120 (West Side IHNC) work is complete.

Construction on LPV 117 Project (East Side IHNC) is continuing. The project involves the installation of approximately 20 relief wells. It is scheduled for completion in July 2009.

Murray Architects is proceeding with the Safe House plans and specification for Orleans Levee District and will submit 30% drawings next week. The project is scheduled for advertisement in August 2009.

Lake Borgne Basin Levee District:

LPV 148.01 - Verret to Caernarvon Reach is 99% complete.

The Construction Contract for the fabrication and installation of new trash screens at Drainage Pump Stations 2, 3, and 5 has been signed and work should begin later this month.

Bids for the Bluebird and Artillery Canal Cleaning Project came in on June 9, 2009. Only one bid was received. NRCS (the federal funding agency) cannot allow us to award a contract based on a single bid response. Therefore the bid had to be rejected. The project has been re-advertised with bids now due in August 2009.

Work is continuing on the Taintor Gate Repairs at P.S. Nos. 1 & 4. The project is on schedule for completion in late September 2009.

Internal Affairs

The end of the year audit process started last month. The auditor continues to meet with each levee district to obtain information needed to conduct the audit.

The sample contract for the Safe House in EJLD has been developed. Scope of work development and fee negotiations are underway and nearing completion.

The Contract for Safe Rooms at selected LBBLD pump stations has been signed and we are scheduling a meeting with Digital Engineering to start the work.

ID/IQ contracts for land surveying work have been drafted and sent to the surveyors for signature.

The USACE will issue new reports on computed Safe Water Elevations for the three outfall canals in Orleans Parish. The analysis included in the reports will utilize the most recent design criteria. Reports for London and Orleans Canals are being reviewed and some additional analysis is underway. The report for the 17th Street Canal is due in September 2009.

Next month the St. Bernard Parish Government will submit a request for permission to construct a bike path on the crown of the Mississippi River Levee in the Meraux Violet area.

We are awaiting the final report from Dr. Martin and Dr. Bachus on the 17th Street Canal Seepage area.