

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON SEPTEMBER 20, 2018**

PRESENT: Mark L. Morgan, Chair  
Herbert I. Miller, Committee Member

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on September 20, 2018, at the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, LA. Mr. Morgan called the meeting to order at 10:25 a.m.

**Opening Comments:** Mr. Morgan advised that Rick Luetlich was unable to attend today's meetings. Mr. Luetlich lives in Morehead City, North Carolina and experienced difficulties as a result of Hurricane Florence. Mr. Dastugue was also absent. The Board's Bylaws provide that two committee members constitute a quorum of the committee.

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

**Approval of Minutes:** The Committee approved the minutes of the Finance Committee meeting held on August 16, 2018.

**Public Comments:** None.

**Regional Finance Director's Report:**

Kelli Chandler, Regional Finance Director, provided the highlights of her report:

- FY 2018 Financial Audit – A 30-day extension was requested from the Office of Statewide Reporting and Accounting Policy (OSRAP) while staff attempts to obtain values for the Hurricane and Storm Damage Risk Reduction System (HSDRRS). Ms. Chandler anticipated receiving a qualified opinion this year.
- Work-in-kind (WIK) credits – Staff is in the beginning stages of a significant project dealing with the application to the U.S. Army Corps of Engineers (USACE) for WIK credits for the HSDRRS. Several years ago a FPA consultant gathered the required data up to a certain point; however, the project was not completed and must be updated. Every expense must be considered and the associated documentation gathered and submitted to the USACE as part of the WIK credit application process. The WIK credits will reduce the cost share portion of the HSDRRS that will eventually be owed by the State.
- Finance staff participated in a teambuilding event that included a cookout. The Saints Tailgate Party theme featured teamwork and the importance of each position functioning at its highest potential.

- Financial software - The final contract was received for the MIP Cloud Based Version of the MIP Financial Software. Planning sessions for Finance staff, which are due at the end of the month, will include MIP training. Although MIP has been utilized for some time, a number of available features that would benefit the FPA have not been utilized; therefore, staff will attend training as though being trained on a new system in order to better understand the software's updates and capabilities.
- Payroll consolidation – Staff is continuing to work through issues with ADP.

**New Business:**

**A. Update on placement of investments with Edward Jones.**

Mr. Morgan explained that the FPA recently moved its investment portfolio from Capital One, after the bank notified the FPA that it was exiting the brokerage business, to Edward Jones after soliciting information from certain brokers. Edward Jones was asked to have a representative address the Finance Committee.

Matthew Cotton advised that he has been with Edward Jones for almost 30 years. Edward Jones is a Fortune 300 company and a private partnership with over 17,000 financial advisors and over 16,000 offices around the United States and Canada. The transfer of the FPA's financial portfolio has been completed. It was a difficult transfer because the FPA is a political subdivision of the State; however, the legal and FPA investment policy requirements were met. The vast majority of the FPA's investments are short term securities in T-bills and treasury notes and are laddered. The FPA has access to its money basically within a two day span. He complimented Capital One on its handling of the FPA's investments. Mr. Cotton and Ms. Chandler are reviewing the FPA's projected capital outlays in order to take appropriate follow up actions.

Ms. Chandler commended Mr. Cotton and his staff for the work that they did in transferring the portfolio. She pointed out that a schedule was provided to the Committee on projected capital outlay requirements for the Orleans Levee District (O.L.D.) Special Levee Improvement (SLIP) and General Fund and for the East Jefferson Levee District (EJLD). The cash needs closely align with investment maturities. Bonds are laddered so that they mature as the cash is needed. After additional funds are received in January, staff will reassess cash requirements and provide recommendations on the portfolio. She pointed out that additional funds are invested in the Louisiana Asset Management Pool (LAMP) for very short term liquidity (next day access).

**B. Discussion of updated and revised Memorandum Understanding Regarding the Management of Non-Flood Assets of the Orleans Levee District.**

Derek Boese, Chief Administrative Officer, advised that he and Jesse Noel, Director of the Non-Flood Protection Asset Management Authority (NFP), and their respective staffs have been working over the past five months on the updated Memorandum of

Understanding (MOU) for the management of the non-flood protection assets. The original MOU was executed in 2008 and had been amended once. No substantial revisions were made to the MOU. The two agencies now have a better understanding of the entities' interactions.

Mr. Noel explained that the original MOU was between the FPA and the Division of Administration (DOA), the initial agency authorized to oversee the management of the non-flood protection assets. The MOU documents how the assets are to be managed.

Mr. Morgan noted that the MOU was distributed to Board members several days ago and informed the Committee about the answers he received to some of his questions. The MOU can be amended to add or remove properties and to revise the provisions contained in the document as needed. Buildings housing FPA employees or facilitating FPA operations will be operated and maintained by the FPA.

Ms. Chandler explained that she is reviewing the list of properties across the three levee districts supplied by the FPA's former Executive Counsel from an accounting perspective and will advise should there be a need to include additional properties.

Mr. Miller pointed out that the MOU is effective October 1, 2018; however, no expiration date is included. He stated that it is his understanding that excess revenues generated by the assets would be returned to the levee district for flood protection needs. Mr. Boese concurred and explained that paragraph 15 of the MOU clarifies the term excess revenues and how the revenues are audited. The NFP capital assets plan is approved annually by the NFP Board. The non-Airport capital maintenance projects backlog totals approximately \$20 million. The MOU recognizes the fact that some of the revenue must fund asset maintenance, but also that a good faith effort should be made so that the levee district begins receiving some of the excess revenue as well.

Mr. Miller commented that the attempt to obtain FEMA funding for a floodwall to protect the Lakefront Airport was unsuccessful. He asked is the airport floodwall a FPA or NFP project and is there a path forward for the project. Mr. Boese responded that the MOU would have to be amended to include a major project, such as an airport floodwall. He noted that the project would probably fall under the FPA and the FPA would handle the design and construction pending the availability of funding. Wilma Heaton, Director of Governmental Affairs and Chair of the NFP Board, informed the Committee that she was requested by the FPA Board President to research catastrophic and resiliency bonds and that she would prepare a report for the Board on potential funding mechanisms. She advised that an airport floodwall would be a FPA asset and project.

Mr. Morgan inquired about the right to sell assets. Mr. Noel responded that by statute the NPA is given the right to sell assets; however, he would not entertain selling any of the properties without consulting with the FPA Board. In addition, the non-flood protection assets remain in the name of the levee district that owns the property. He added that the NFP and FPA staffs will strive to continue building a good working relationship.

Ray Landeche stated that he is on the board that represents the four neighborhoods along the Orleans Parish lakefront and that they had a lot of questions regarding the MOU. One issue deals with green space and commercialization of some of the assets by the NFP Board. He asked that the Committee defer action on the MOU for at least a month to allow all four of the boards time to review the document.

Mr. Miller asked the impact of delaying action on the MOU. Mr. Boese responded that he is comfortable with the MOU and that the document should have been updated some time ago. Ms. Heaton advised that there is no rush; however, she hoped that the Committee would recommend that the Board approve the MOU today. She explained that the NFP Board is comprised of 17 seats from the communities of New Orleans. Ms. Heaton is the FPA's representative on the NFP Board. The 16 NFP Board members will have the opportunity to vet the MOU on September 27<sup>th</sup>. The NFP Board works very closely with the neighborhoods. Ms. Heaton stated that she appreciated Mr. Landeche's opinion; however, he is not the head of the board that represents the subdivisions. She assured the Committee that the neighborhoods are being consulted and that they are represented. She pointed out that the original MOU was confected in 2007 and executed in 2008 between the FPA and the DOA. The NFP Board did not come into existence until 2010. The MOU has been tossed around for eight years. She suggested that the MOU could be reviewed periodically by the parties.

Mr. Landeche stated that two representatives from the four neighborhoods were supposed to be appointed on August 15<sup>th</sup> and 16<sup>th</sup>. However, the presidents of the four neighborhood groups could not make a decision on who should be appointed to the NFP Board. He stated that in his opinion the two members on the NFP Board are no longer valid representatives of the neighborhoods. Ms. Heaton responded that the statutes provide that the representatives of the four lakefront communities serving on the NFP Board can continue to serve up to two regular legislative sessions after their terms end. Therefore, the two members are legally seated on the NFP Board.

Mr. Cosse commented that he did not have a problem waiting another month.

Mr. Miller recommended that the Committee recommend that the Board move forward with the MOU. Mr. Morgan concurred.

**C. Discussion of a proposed Cooperative Endeavor Agreement between Joseph P. Lopinto, III, in his capacity as Sheriff of Jefferson Parish and the East Jefferson Levee District Police Department for participation in a Criminal Intelligence Center.**

Mr. Boese explained that the proposed Cooperative Endeavor Agreement (CEA) provides an opportunity for the EJLD Police Department (EJLD PD) to partner with the Jefferson Parish Sheriff's Office (JPSO) in a more involved way and allows the EJLD PD access to the Criminal Intelligence Center (CIC). Kerry Najolia, Superintendent of Police, advised that the CEA would be in the best interest of the public across the Metropolitan New Orleans area. The invitation extended by the Jefferson Parish Sheriff allows the EJLD PD to embed one of its officers in the CIC, which is basically a fusion

center monitoring criminal activity for the Metropolitan New Orleans area. Participation in the CIC tremendously opens up the criminal data bases utilized by the levee districts' Police Departments and enhances the information received by the officers in a timely fashion. Fusion centers in other parts of the State are housed by the State Police; however, the fusion center for the Metropolitan New Orleans area is housed by the JPSO. Officers from every law enforcement agency in the Metropolitan New Orleans area are embedded in the CIC. Mr. Boese pointed out that there is no cost to the FPA.

The Committee members voted unanimously to recommend that the Board approve the CEA.

**D. Discussion of proposed amendment to the agreement with Fazande Consulting for Human Resources consulting services to extend the agreement through November 30, 2018 and to increase the not to exceed amount of the agreement from \$635,000 to \$772,403 (an increase of \$137,403).**

Mr. Boese explained that approximately six months ago the FPA found itself in a critical situation with regards to Human Resources (HR) / Employee Services (ES). The FPA had no HR Director and staff was struggling. More and more issues were discovered and a point was reached where basic HR services were not being provided, which Mr. Boese stated led to his recommendation and the Board approving a contract with Fazande Consulting for staff augmentation, assistance to stabilize the HR Department and staffing to get the HR Department back on track. The six month mark has roughly been reached and the end is in sight. The resolution to be presented to the Board authorizes about nine weeks of additional time (thru the end of November) with services tapering down. The extension gets the HR Department through the critical time of open enrollment in October, which is a major exercise for the HR Department. Two government employees have been identified for hiring to replace the contract staff. A third employee has been identified for the Training Coordinator position. The extension allows for the transition of employees, as well as time to get a HR Director on board. The position was advertised and the application period closed two days ago. Resumes should be received early next week.

Mr. Boese advised that the original length of the contract was six months and the extension would be nine weeks. Mr. Miller noted that under the amendment the FPA would be spending less per month than during the original contract period. Mr. Boese pointed out that the FPA was spending roughly \$100,000 per month for staff augmentation. The projected estimates are \$77,000 for September, \$67,000 for October and \$33,000 for November.

Mr. Miller offered a motion that the Committee recommend that the Board approve the extension of the Fazande Consulting contract.

Mr. Morgan asked could the FPA survive without extending the contract and did the FPA have enough staff. Mr. Boese responded that the FPA could survive; however, the FPA would almost immediately be in dire straits because Fazande Consulting is still providing services for positions that the FPA has not backfilled with government

employees. He reiterated that two individuals have been identified to backfill positions and that he was confident that they would be on board within the next two to three weeks. The department would go from six people, including the consultants, down to one and a half people overnight, which would put employees and their benefits at risk, especially during open enrollment.

Shannon Fazande stated that the FPA is in a great position at this time. Five candidates were interviewed and she stated that she would hire all five candidates on the spot if the FPA had space for all of them. The incumbents for the vacant positions must be hired and on-boarded, which will take place as soon as open enrollment starts. The FPA is late in the open enrollment planning process; therefore, as many individuals as possible are needed. Errors from the 2017 open enrollment process had to be cleaned up last year and some of the errors are still being cleaned up. She stated that she wanted to make sure that a process is built and documented and that everyone is trained so that there are less errors, if any, in the 2018 open enrollment. ES is also implementing a system to automate some of the HR processes. She stated that the Fazande Consulting implementation specialist must clean up numerous issues and coding problems in the ADP system processes prior to moving forward with implementing ADP for benefits enrollment. This is a significant job because there are systems that must be eliminated and systems that must be implemented to make sure that the FPA does not experience the errors it experienced in prior years. She explained that the work plan initially introduced in February was a 12 month work plan. Fazande Consulting was able to achieve about 98 percent of the plan in about six months. She commented that this is the final stretch.

Mr. Morgan summarized that the FPA was in an emergency position six months ago and brought on Fazande Consulting to help the FPA. The FPA is making the transition. He noted that some Board members had sticker shock six months ago. He stated that the proposed extension will be discussed by the full Board and that approval would probably be recommended.

Ms. Chandler pointed out that she distributed the budget to actual schedule for the Lake Borgne Basin Levee District and that she would be distributing this schedule each month. She advised that she did not see anything major that needed to be addressed.

There was no further business; therefore, the meeting was adjourned at 11:10 a.m.