

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MARCH 16, 2017**

PRESENT: Mark L. Morgan, Chair
Richard A. Luettich, Jr., Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on March 16, 2017, in Meeting Room 201, Orleans Levee District Franklin Avenue Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Morgan 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 meetings held on February 16, and March 2, 2017.

Public Comments: None.

New Business:

A. Review of the finalized Fiscal Year 2018 Budgets for the SLFPA-E and levee districts.

Kelli Chandler, SLFPA-E Regional Finance Director, reviewed the adjustments made to the budgets since the March 2nd review by the Finance Committee. The Lake Borgne Basin Levee District (LBBLD) budget was adjusted to include a commitment of \$350,000 from the fund balance for the major maintenance of the two complex structures under its jurisdiction and an adjustment was made to the annualized fuel expense. The graph in the East Jefferson Levee District (EJLD) budget package was corrected and the interest income was adjusted slightly based on the timing of payments for the construction of the safehouse and consolidated facility. Interest income in the Orleans Levee District (O.L.D.) Special Levee Improvement (SLIP) Fund Budget was adjusted slightly based on timing of the Go Zone loan payments. The SLFPA-E's budget was adjusted to include the annual estimated cost for communications and a schedule was included relative to the BP Settlement Fund. The quarterly report and annual budgets for all of the entities were reviewed to ensure agreement.

Ms. Chandler advised that she is in the process of developing the cost comparisons and key metrics requested by Mr. Dastugue at a previous meeting; however, information is needed from the engineering staff to ensure that the comparisons are reasonable. A

budget policy is being developed to streamline the process and provide consistency for the development of next year's budgets. The policy will be presented to the Finance Committee.

Mr. Morgan added that the LBBLD's revenues are approximately \$3.9 million and its estimated expenditures are +\$4 million; therefore, the LBBLD has a net budget loss of \$187,000. The EJLD and O.L.D. have revenues that exceed their estimated costs. The EJLD will be utilizing much of its reserve for the construction of the safehouse and consolidated facility. Mr. Luetlich thanked the Finance staff for their hard work.

The Finance Committee will recommend that the Board approve the finalized budgets.

B. Discussion of proposed SLFPA-E Investment Policy.

Mr. Morgan commented that the Investment Policy has been reviewed by Committee members and is generic in nature in the treatment of investments. Ms. Chandler explained that she attempted to leave some leeway in the policy while at the same time providing enough structure to protect the entities. A ladder approach will be used for securities and maturities. Maturities will be matched to cash flow needs based on the ten year capital plan and to protect the entities relative to interest rate and duration risks. There will be enough diversification to reduce risks and volatility. The longer maturities will provide an extra return over the current return from the LAMP accounts. LAMP accounts will still be utilized for liquidity purposes for operating needs. The remaining cash will be placed in longer term securities. The policy limits investments to government agencies, treasuries and investment grade municipal bonds, which are the safest investments with the least risk as far as principal preservation. The Revised Statutes govern allowable investments.

The Finance Committee will recommend that the Board approve the Investment Policy.

C. Discussion of proposed amendment of Resolutions Nos. 03-17-16-11 and 08-18-16-09 to provide that the costs of the Airport Terminal Conference Center / Meeting Facilities Buildout Project shall be paid by the Orleans Levee District up to a not to exceed budget amount of \$290,000.

Mr. Luetlich explained that that the proposed amendment to Resolutions Nos. 03-17-16-11 and 08-18-16-09 would provide that the Orleans Levee District, as the owner of the Lakefront Airport Terminal, pay the cost of the buildout of the Conference Center. Wilma Heaton, Director of Governmental Affairs and Chair of the Non-Flood Protection Asset Management Authority (NFPAMA), advised that Airport tenants would have scheduled access to the Conference Center at no charge; however, the facility will be rented to other users. Mr. Morgan asked Gerry Gillen, O.L.D. Executive Director, if he had any questions or problem with the proposed amendment. Mr. Gillen responded, no.

D. Update on Staff consolidation at Orleans Levee District Franklin Facilities.

Robert Turner, SLFPA-E Regional Director, advised that a space planner has been retained. He stated that he met about a week ago with the space planner and that the process has been placed on hold until the long term office space needs can be determined. Information is being collected from the various departments in order to put together the revised information to be submitted to the space planner. The Authority's Engineering staff will be moving to the Franklin Facilities as soon as the IT needs can be accommodated and a mover can be hired. The plan for the short term move of the Engineering staff will be finalized within the next week. The space planner indicated that it should not take more than four weeks to develop the long term plan once the appropriate information is supplied. The Board will need to determine whether it wishes to implement the plan and how the plan will be funded.

Mr. Luettich explained that part of the reason for the short term move of the Engineering staff is to allow the Chief Administrative Officer and administrative team to be brought together at the Airport Terminal. Mr. Turner advised that the space planner will be reengaged as soon as he collects the information on space requirements from the various department heads.

E. Internal Audit Update.

Louis Capo, SLFPA-E Internal Auditor, advised that his audit report was provided to the Committee members. He explained that several issues remain outstanding relative to the marinas under the NFPAMA management. The causes of the issues have been identified and the NFPAMA is in the process of collecting on the delinquent accounts and putting policies and procedures in place to ensure that the issues do not reoccur. In the latter part of February, the NFPAMA hired a new Executive Director who has started to implement many of the policies and procedures to resolve the marina issues and bring leadership guidance and stability to the NFPAMA staff. Mr. Capo advised that he had spoken with the Chair of the NFPAMA Marina Committee and answered questions before the NFPAMA Finance Committee last month. The two committees are well engaged in the process and the issues have been fully vetted. He pointed out that the Vice Chair of the NFPAMA Finance Committee is an active CPA, which will assist in resolving financial issues. Mr. Capo asked that the NFPAMA be given the opportunity to attach their response to the audit report. He advised that approximately seven of the twelve recommendations that he offered have already been enacted by the NFPAMA.

Mr. Morgan asked Jesse Noel, NFPAMA Executive Director, if the NFPAMA is in agreement with the twelve recommendations. Mr. Noel responded that the NFPAMA is in agreement with the findings in the report and that he hoped to enact all twelve recommendations in going forward. He pointed out that most of the recommendations concern internal controls relative to collection practices for all of the assets. Ms. Chandler advised that she met several times with Ngoc Ford, NFPAMA Finance Director, and with Mr. Noel. The Authority and NFPAMA are starting to share policies and procedures as the documents are being developed. Ms. Chandler also advised

that she scheduled a meeting with the outside audit firm in order to introduce Mr. Noel and Ms. Ford to the auditors and begin discussions on the audit timeline. She anticipated that more financial information will be shared as the collaboration between the Authority and MFPAMA continues.

Mr. Luetlich commented that the audit of the O.L.D.'s Non-Flood Protection Assets is a part of the Authority's audit; therefore, the NFPAMA must be held to the same standard as the Authority. He pointed out that the mission of the Non-Flood Protection Assets is to provide funds for flood protection and that regular updates relative to this process are needed. He expressed his appreciation for the efforts to bring the Non-Flood Protection Assets back into commerce following Hurricane Katrina.

There was no further business; therefore, the meeting was adjourned at 10:32 a.m.