

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON APRIL 20, 2017**

PRESENT: Mark L. Morgan, Chair  
Quentin Dastugue, Committee Member

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on April 20, 2017, in the Second Floor Council Chambers, Joseph Yenni Building, 1221 Elmwood Park Blvd., Harahan, Louisiana. Mr. Morgan called the meeting to order at 10:00 a.m.

**Opening Comments:**

Mr. Morgan requested that Kelli Chandler, SLFPA-E Regional Finance Director, provide an update on the restructuring and reorganization of the Finance staff. The Finance Director's report will be added to future committee agendas as a line item.

Ms. Chandler provided the status of the following items:

- An account has been opened at Capital One Bank for the East Jefferson Levee District (EJLD) to move its checking account. EJLD's investments will be reviewed in the near future.
- An investment account has been opened for the Orleans Levee District's (O.L.D.) Special Levee Improvement (SLIP) Fund and purchases were made on April 19<sup>th</sup>. An investment account is being opened for the O.L.D.'s General Fund and investments will be made shortly thereafter.
- Planning updates have been accomplished for all Finance staff (6 employees) with a change in supervisor. Position descriptions have been reviewed and compared to the future potential departmental structure. Two organization charts were developed (the current structure and a proposed vision of department's future structure, which is subject to change due to efficiencies gained and systems put in place).
- Finance staff met in its first working lunch. Staff discussed the budget process and concerns relative to regionalization and positions changes.
- The Finance Department is currently focusing on payroll. The Authority and levee districts have three different payroll cycles and four different ADP accounts. Payroll procedures and cycles are in the process of being standardized. Payroll cycles will be synchronized by mid-May. A meeting was held with ADP representatives to map out payroll consolidation. Components of the consolidation include LASERS, Office of Group Benefits, life insurance and other factors.
- A review is underway of purchasing procedures across the organization.

- A meeting was held with a representative of Microsoft Dynamics Great Plains relative to its accounting package to discuss the software's capabilities. The package's capabilities will be evaluated and compared to MIP, which is currently being used by the O.L.D. Several training classes have taken place on MIP and its reporting capabilities. An accounting package will be selected in the near future in order to move forward.

Mr. Dastugue asked whether other providers are being considered for payroll support. Ms. Chandler explained that the Authority and levee districts currently use the services of ADP; therefore, the intent was to combine the ADP accounts.

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

**Approval of Minutes:** The Committee approved the minutes of the meeting held on March 16, 2017.

**Public Comments:** None.

**New Business:**

**A. Discussion of investment options within policy requirement.**

Mr. Morgan advised that the Board adopted an Investment Policy at its March 16<sup>th</sup> meeting so that monies designated for future projects can be invested to achieve the greatest return. The policy is conservative and the Finance Director is beginning to review investment options.

Ms. Chandler explained that an information sheet was provided in the Finance Director's report package concerning the approach to the investment program. She advised that she met with the SLFPA-E's Director of Engineering and Operations and Director of Operations relative to the timing of proposed projects. After retaining a reserve cushion, securities were purchased based on layered maturities. Shorter term investments were made since interest rates are expected to rise and bond prices generally fall when interest rates rise. Ms. Chandler addressed coupon rates, durations, yields to call and yields to maturity and their effects on investments. A listing of potential securities was included in the packet provided to Committee members. She further explained that purchases of securities were made based on when the money was expected to be needed and the layering of maturities so that the investments would not be as sensitive to interest rate movements. The goal is to have investments that mature every quarter with the money continually being reinvested in order to gain greater returns. A list of purchases made for the SLIP Fund was provided. The next steps will involve purchases to be made for the O.L.D. General Fund and a review of EJLD financials and project schedules to determine a path forward for the EJLD. A short term, liquid amount will remain in the LAMP accounts earning between .75 and .8 percent. All of the yields to maturities of the scheduled investments are greater than the LAMP interest rate. All purchases were of Government sponsored securities.

Mr. Morgan requested that future anticipated purchases be presented to the Committee prior to the actual purchases taking place. He asked whether a financial advisor should be retained. Ms. Chandler explained that an advisor would not be required for this level of money and due to investments in very safe bonds. Forty million dollars of O.L.D. SLIP Fund and \$27 million of General Fund monies are being invested.

**B. Discussion of Lake Borgne Basin Levee District tax revenues.**

Robert Turner, SLFPA-E Director of Engineering and Operations, reviewed the procedures relative to the establishment of millage rates. Levee districts, with the exception of the O.L.D., were authorized by the Louisiana Constitution to assess an ad valorem tax rate of up to 5 mills. Properties are reassessed every four years. After a property reassessment takes place, levee districts must roll back their millage rate to a reduced rate that would allow the same amount of revenues to be collected as the prior year. The levee district is then given the opportunity to roll forward the millage rate to an amount not greater than the prior year's millage rate, which would allow an increase in revenues. Over the years after a reassessment prior boards rolled the millage rate back, but decided not to roll the millage rate forward since the board determined that the additional revenues were not needed. If a millage rate is not rolled forward during the four years between reassessments, an entity cannot go back and increase the millage rate to the previous rate (the rate certified five years prior). If property values decrease in the reassessment, an entity can increase its millage rate in order to receive the same amount of revenues that was received the prior year. In the last reassessment property values decreased in St. Bernard Parish and the LBBLD was able to increase its millage rate in order to receive the same amount of revenues that it received in the year prior to the reassessment. The LBBLD's current Constitutional millage rate is 3.91 mills.

Mr. Turner explained that the LBBLD receives two millages (4.36 and 3.06 mils) in addition to the Constitutional millage. The two additional millages were approved by the voters for a specific period of time and must be renewed upon expiration in a public referendum. Derek Boese, SLFPA-E Chief Administrative Officer, noted that the EJLD's Constitutional millage rate is 4.01 mils, and that the O.L.D.'s Constitutional millage rate is 5.46. The O.L.D. receives two millages, in addition to the Constitutional millage, which were approved by the voters: Maintenance tax - .75 mils and SLIP tax - 6.07 mils. The proposition for the 6.07 SLIP tax specified 5.46 mils of the tax revenues for use by the O.L.D. and .61 mils of the tax revenues for use by the Non-Flood Protection Asset Management Authority.

**C. Update of buildout plans and cost allocation.**

Mr. Morgan explained that the Authority retained a consultant to conduct a space allocation study. He requested the status of the consultant's report. Mr. Turner responded that he had placed the project on hold due to a change in direction in the reorganization process and pointed out that some employees have already been relocated from the Airport Terminal offices to the O.L.D.'s Franklin Avenue Facility. He

stated that he, Mr. Dastugue (participating by telephone), Wilma Heaton, SLFPA-E Director of Governmental Affairs, and Glenda Boudreaux, SLFPA-E Administrator, met with the space planner two days ago. The consultant was advised by Mr. Turner that a change was required to the scope of work since an interim plan was no longer needed for the relocation of staff from the Airport Terminal offices. Instead a plan would be needed that determines how all of the functions would be consolidated at the O.L.D.'s facility. Mr. Turner stated that he informed the planner about the Authority's intentions and that he was finalizing the numbers from the various Directors. He further advised that he would send the planner the revised list showing how the total Authority would look at some point in the not too distant future and have the consultant provide the space planning based on the revised information. The consultant would also advise whether a buildout is needed and the size and appearance of the buildout. The consultant was informed that she should act as though there were no internal walls in regards to the existing office space and that she should develop a layout utilizing best practices based upon the total number of positions to be consolidated in the facility. He stated that this afternoon or tomorrow he would send the planner the latest list of positions to be housed in the facility. The consultant estimated a three to four week period to complete the process and provide a report.

#### **D. Update on reorganization of Finance structure.**

Ms. Chandler noted that the annual fiscal year audit process will begin soon. The audit firm is selected and retained by the Louisiana Legislative Auditor's Office on behalf of the Authority. The auditor's contract was extended an additional year for the FY 2016-2017 audit. The Legislative Auditor's Office will issue a request for proposals next year for the performance of the Authority's FY 2017-2018 audit. The entrance conference with the auditor will be held tomorrow to layout the timeline for the auditor's field work and other processes.

Ms. Chandler reported that the standardization of the chart of accounts has been finalized, payroll is in the process of being synchronized, an evaluation is taking place of the policies and procedures relative to the payroll process for each of the levee districts in order to develop best practices to be implemented across the organization, purchasing procedures are being reviewed and software systems are being evaluated. The most significant driver for the Finance function will be the selection of the accounting software package. Once the accounting package is selected, everything else will fall in place.

Ms. Chandler advised that she met with representatives of Great Plains and will meet with representatives of MIP to begin a detailed review and comparison of the two software systems. She anticipated that a selection will be made within the next two months. She explained that several times in positions that she held prior to her employment by the Authority she has had to evaluate and select software accounting packages, and that during those evaluations she became aware of Great Plains. Great Plains is a very scalable product and can be implemented in organizations with six to a thousand employees. MIP is currently being utilized by the O.L.D. However, she stated

that she was open to evaluating everything from the market. Mr. Morgan suggested that Vision by Deltek be considered. Ms. Chandler pointed out that the accounting package must have capabilities related to consolidation, since four entities are involved, job costing and governmental funding, and should be appropriately sized for the Authority. Mr. Dastugue recommended that Ms. Chandler contact the Association of Levee Boards of Louisiana to reach out to other levee districts relative to their software packages.

Ms. Chandler advised that the members of the Finance staff are still performing the work that they have been performing. Much of the decision relative to future work assignments will be driven by the selected accounting software package and the unmingling of the finance and non-finance responsibilities being performed by several staff members. Some of the Finance staff will be taking on additional Finance duties when their non-financial duties (e.g., engineering or operations duties) are shifted to the appropriate staff members. Derek Boese explained that EJLD and O.L.D. positions are fairly siloed; however, positions at the LBBLD perform several functions. Therefore, for example, a LBBLD staff member cannot be used for the consolidated payroll function until the permit function being performed by that individual can be passed on to the appropriate Operations staff member.

**E. Discussion of adoption of the millage rate of 4.01 mils on the 2017 tax roll on all property subject to taxation by the East Jefferson Levee District.**

Mr. Morgan advised that a resolution has been placed on the Board's agenda to certify the EJLD's millage rate for calendar year 2017. Mr. Boese explained that the EJLD's millage rate was rolled forward last year to 4.01 mils after the last reassessment; therefore, the Board is being asked to recertify the existing millage rate.

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