

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON JULY 7, 2011**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on July 7, 2011, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 8:30 a.m.

Opening Comments: None.

Adoption of Agenda: The agenda was amended to add Item A1 to discuss the General Liability Insurance coverage for the levee districts.

Approval of Minutes: The minutes of the June 2, 2011 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A1. Discussion of General Liability Insurance Coverage.

Hardie Edgecombe with Arthur J. Gallagher Risk Management Services explained that the procurement of General Liability Insurance coverage for the levee districts from Alterra was approved at the June Board meeting. However, subsequent to the June Board meeting the underwriter for Alterra pulled the quote for coverage due to third party interference caused when another levee district attempted to bind the same coverage. Mr. Edgecombe further explained the circumstances of the interference. The underwriter for Alterra advised that the company would honor the quote for 30 days, but would then issue a notice of cancellation for underwriting reasons. Mr. Edgecombe stated that he then approached ACE, the current carrier, relative to the renewal of coverage. ACE agreed to drop its premium levels to the approximately same levels contained in the Alterra quote. However, the major difference is that a levee breach exclusion is included in the ACE coverage. The offer/quote by Alterra did not include a levee breach exclusion. Mr. Estopinal asked that Mr. Edgecombe speak with the Authority's General Counsel about an appropriate course of action against the third party for interference during the normal course of business and about determining the appropriate communication for filing an official complaint with the Insurance Commissioner.

Mr. Doody advised that Mr. Edgecombe will bind General Liability Insurance coverage with ACE. A report will be made to the Board giving the reason for the change in carrier and the Board will be requested to approve the binding of this coverage after the fact.

A. Discussion of revision to Orleans Levee District FY 2012 budget for payment of operation and maintenance of Lakeshore Drive.

Jim Bollinger, Orleans Levee District (O.L.D.) Comptroller, discussed the revisions to the FY 2012 General Operating Budget that are required due to recent Legislative and Board actions. House Bill 475 requires a payment by the end of July of \$700,000 from O.L.D. Flood Protection Division to the O.L.D. Non-Flood Protection Asset Management Authority. In addition, at its June meeting the Board approved the Flood Protection Division's financing of the O.L.D. Police Department (OLDPD) at 100 percent for a certain period of time. After the execution of the appropriate course of action required by Civil Service, the Flood Protection Division will take over approximately 75 percent of the current department (24 of the 32 officers). The O.L.D. Executive Director has requested that \$125,000 be budgeted for the purchase of five 4-wheel drive SUVs for the OLDPD.

Mr. Bollinger advised several additional revisions are required to the 2012 budget:

- Elimination of the amount included in Personal Services for merit increases due to the suspension of merit increases by Civil Service for FY 2012.
- Elimination of the amount included in the original budget for the repayment of the Community Disaster Loan (CDL). The Board approved the repayment of the CDL in June, 2011 (FY 2011).

Mr. Bollinger suggested that the Board may wish to consider using Special Levee Improvement (SLIP) Fund monies to pay the cost of maintaining Lakeshore Drive. Mr. Doody recommended that an opinion be obtained from Counsel prior to using SLIP Fund monies for this maintenance cost. Mr. Bollinger advised that at this time the budget revisions do not include a transfer from the SLIP Fund.

The Committee briefly discussed the required budget changes and due to the significant amount of the changes concluded that the budget revisions should be brought to the Board for approval.

B. Discussion of purchase of police vehicles by Orleans Levee District.

Mr. Doody pointed out that the current cruisers used by the OLDPD are aged and do not serve the purpose of a flood function. Chief Richard Lewis, OLDPD, explained that with the exception of five vehicles purchased with FEMA funds after Hurricane Katrina, the vehicles used by OLDPD officers were purchased in the late 1990's and early 2000's and have from 170,000 to 200,000 miles. In addition, the current vehicles do not strictly serve a flood protection mission. He stated that five vehicles could be purchased for \$125,000 through Louisiana State Contract.

The Committee recommended that the Board approve the purchase of the new vehicles for the OLDPD.

There was no further business; therefore, the meeting was adjourned.