

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON NOVEMBER 1, 2012**

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 November 1, 2012, in Meeting Room 221, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 8:30 a.m.

Opening Comments: None.

Adoption of Agenda: The agenda was adopted as presented.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on October 4, 2012.

Public Comments:

None.

Old Business:

A. Discussion of Orleans Levee District Cellular Tower Lease Negotiations.

Jim Bollinger, Orleans Levee District (O.L.D.) Comptroller, reported on the status of the lease negotiations. The current lease with American Tower Corp. (ATC) for a section of land located in the rear of the Franklin Avenue Maintenance Facility was executed in 1998 and expires in 2023. The O.L.D. was approached a little over a year ago by a third party (TriStar) who offered to buy out the existing lease for a lump sum payment of \$400,000. A lump sum buyout offer of \$435,000 was subsequently received from ATC. Both buyout offers were for a perpetual easement. A consultant was retained who valued the transaction at approximately \$490,000. The O.L.D. was not comfortable with a perpetual easement and wanted to retain some control of the property. TriStar submitted a second offer that would provide an additional rental of \$15,000 per year until 2023 and thereafter a 50 percent share of the revenues. ATC currently pays a base rental of \$1,667 per month plus an amount of \$300 per month per carrier after the first carrier (currently \$900 per month). The current lease provides for a 15 percent rental escalation every five years. ATC essentially matched TriStar's offer by increasing the rent to \$2,917 per month (approximately 75 percent increase). ATC agreed to a 15 percent escalation in 2013, bringing the base rental income in 2013 to \$3,354 per month (approximately \$51,000 per year). ATC also agreed to an escalation of three percent per year on the base rent after 2013 in lieu of 15 percent every five years. ATC requested a twenty year lease extension to 2044 and provided a ten year guarantee of base rents. TriStar's offer

is for a perpetual lease beginning in 2023 and provides a 90 day notice of cancellation. The net present values through 2028 are as follows: the existing lease under the current terms - \$340,000, TriStar's offer - \$500,000, and ATC's offer - \$637,000. The O.L.D. recommended the acceptance of the improved offer from ATC (the existing lessee).

The Committee agreed to recommend to the Board the acceptance of the offer from ATC for a lease extension under the proposed terms.

B. Discussion of options and recommendation for Health Insurance coverage for Orleans Levee District employees.

Gerry Gillen, O.L.D. Executive Director, advised that quotes were solicited for health insurance coverage; however, only one quote was received from United HealthCare (UHC) (the current carrier). The UHC quote for the current plan results in a 16 percent increase in cost. O.L.D. management met to review options in order to bring down the cost increase and to attempt to bring benefits in line with the other levee districts. A modified option was devised that reduces the cost increase to 4.38 percent and increases the in-network deductible from \$500/single - \$1,000/family to \$2,000/single - \$4,000/family, reduces co-pays for office visits from \$50 to \$25 and co-pays for specialists from \$50 to \$40, and includes a \$100 (\$300 maximum for family) deductible for drugs in addition to the drug co-pay. Consideration was given to gap insurance coverage through All State Insurance. The procurement of this modified UHC plan plus gap coverage would bring the cost increase to 8.88 percent.

Wayne Francingues, O.L.D. Insurance Consultant, explained that the \$1,000 gap plan being considered would reimburse employees for deductible types of bills up to an amount of \$1,000 for the year. An outpatient benefit of \$500 would also be provided. The annual total cost of the plan for the O.L.D. \$102,837.

Carol Kiefer, O.L.D. Safety-Risk Manager, advised that a second modified UHC plan with lower deductibles (\$1,000/single - \$2,000/family) is available at a 11.1 percent cost increase.

Mr. Francingues noted that Health Savings Accounts are not available on a non-qualified health plan (plan must be high deductible). The O.L.D.'s current insurance coverage expires on December 31st. A provision of health care reform mandates that employees be notified concerning significant policy changes; therefore, action must be taken by the Board at its November meeting. The available changes to the plan will cause the O.L.D. to lose grandfather status.

Ms. Kiefer explained that the O.L.D. is still waiting to hear from the Office of Group Benefits' (OGB) actuary concerning its risk rate. Therefore, it is not known at this time whether or not it would be advantageous for the O.L.D. to participate in the OGB plan.

The Committee decided to refer the procurement of O.L.D. health insurance coverage to the Board without recommendation.

New Business:

A. Discussion of adoption of Orleans Levee District 2013 Millage Rates.

Mr. Bollinger explained that in 2010 the Board decided not to roll millage rates forward to the maximum allowable amount (12.76 mills) and adopted rates totaling 11.67 mills. This set the new maximum and millage rates cannot be further rolled forward. The Board adopted millage rates totaling 11.67 mills in 2011 (the reassessment year). The official numbers on Orleans Parish assessments have not yet been received from the Board of Review. The O.L.D. recommended that the Board adopt and certify the millage rates currently assessed totaling 11.67 mills for calendar year 2013. A modest increase in the assessments is anticipated, which would provide the same or slightly increased revenues.

The Committee concurred with the recommendation to the Board that the millage rates currently being levied (General Tax - 5.46 mills, Special Levee Improvement Tax - 5.46 mills, and Maintenance Tax - .75 mills) be adopted and certified for calendar year 2013.

There was no further business; therefore, the meeting was adjourned at 9:10 a.m.