

**NON-FLOOD ASSET PROTECTION MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, NOVEMBER 4, 2010 – 5:00 P.M.**

The regular monthly meeting of the Finance Committee of the Non-Flood Asset Protection Management Authority was held on Thursday, November 4, 2010 at 5:00 P.M., in the Lake Vista Community Center, 2nd Floor, 6500 Spanish Fort Blvd., New Orleans, Louisiana after due legal notice of the meeting was sent to each Board member, the news media, and a copy of the call was posted.

Chairman Hoffman called the meeting to order at 5:05 p.m. and led in the Pledge of Allegiance.

The roll was called and a quorum was present.

PRESENT:

Chairman William Hoffman
Commissioner Michael Bridges
Commissioner Stanley Brien
Commissioner Carlton Dufrechou

STAFF:

Rob Aucoin, OLD
Vincent Caire, OLD
Dawn Wagener, OLD
Sharon Martiny, OLD

ALSO PRESENT:

Steve Nelson
Charles Curtis
Albert Pappalardo
Gerard Metzger
Greg Ernst
Wayne Francingues

OPENING COMMENTS:

Chairman Hoffman opened the meeting by noting the late start time and explained that he would need to leave at 6:00 p.m. and Commissioner Bridges would Chair the rest of the meeting..

APPROVAL OF AGENDA:

Chairman Bridges offered a motion to adopt the agenda, seconded by Commissioner Hoffman, and unanimously adopted.

Chairman Hoffman proposed to rearrange the Agenda and take an item out of the New Business category on health insurance because Mr. Wayne Francingues was here to make a presentation.

NEW BUSINESS:

2. United Health Care Insurance

Mr. Wayne Francingues presented a copy of the Health Care Reform Reference Guide and introduced the renewal for United Health Care Vision and Health Insurance and the renewal for Crescent Dental for the coming calendar year. United Health Care has a 0% increase on health and vision insurance however the dental plan had a 13% rate increase. The Flood Authority recommended that we advertise for bid and try to get proposals to compare the current renewal and we started that process today. Bids are being gathered and proposals will be presented to compare and show across the board. A 0% rate increase is the best we have had in a long time.

Mr. Francingues explained that the Grandfathered status was in place on March 23 through the Orleans Levee District and if that grandfathered status remains, the Levee District is exempt from a lot of the changes that will take effect in 2012. There are situations where you can lose your grandfathered status such as changes you make to you current policy. There is an article in the manual to give you an idea of what grandfathered is, how you keep it and how you lose it.

Chairman Hoffman addressed the Flood side going out for a proposal and possibly ending up with another carrier causing their plan to lose grandfather status. Chairman Hoffman then asked if they go out and we want to stay, can we obtain a separate plan given the small number of employees each of us collectively has.

Mr. Francingues explained that would mean splitting from 200-plus employees down to 150 and 60. Under that scenario you would be put into the small group class which has a different rating structure. Chances are the rates would go up and we don't know how high, that is something we need to look at. Also, there is the issue regarding retirees that are on Medicare for a small group. United chose not to cover Medicare age retirees and one person is a Medicare retiree which would eliminate going into a small group with United Health Care. There is also the question of if the plan was split between Flood and Non-Flood which one is going to get the new plan because we are basically creating a new plan. We are trying to see if that has any implications. What I suggest is that we can't go because of that Medicare retiree and the fact that we don't have a final word on the grandfathered status.

Chairman Hoffman then questioned if it would make sense to get a quote for just our plan in case we don't like what they come back with. Mr. Francingues pointed out that presently there is one federal ID for Orleans Levee District meaning that there is one organization. A federal ID number would need to be

created for the new group. By doing that, we start from scratch creating a new plan outside of March 23, 2010 and every new plan written is not grandfathered.

Chairman Hoffman stated that a question for our Legal Committee is who owns that federal ID number; is it ours or is it Flood's. It is Chairman Hoffman's opinion that we will have to get our own federal ID, whether it is an existing one or a new one.

Mr. Francingues stated that is only with United Health Care, the dental company will bill separately. Crescent Dental is willing to do that.

Commissioner Bridges inquired as to how long it would take to get another quote on dental and health. Mr. Francingues replied it will probably take 7-10 days to get some numbers back.

Commissioner Bridges asked if this would come back in our meeting December 2. Mr. Francingues explained that we would have to do something by December because if you make a decision to change carriers you are pressing it for a January 1st renewal, which is when 80% of all cases renew. It would be very difficult to do anything after December 5th or 6th so we really have to get this done as soon as possible.

Commissioner Bridges asked if every municipality is on their own for health insurance and Mr. Francingues responded that if you are a division of the state, you might be eligible for OGB.

Mr. Capo stated we looked at Group Benefits after the storm and they would not take us but we can take another look at that.

Commissioner Bridges requested Mr. Capo put that on the list and we can bring it back December 2 because there may have been some new developments.

1. Check Signing Authorization

Currently at the District there are three people that can sign checks: Mr. Capo; Chuck Dixon, Director of the Marina; and Randy Taylor, Director of the Airport. Any and all checks over \$200 require two signatures. Mr. Capo recommended including Chairman Hoffman as a signator in case another signator is not present. This is granting authorization to the Chairman of the Finance Committee to be able to sign checks. We need a Board approval because we are making a change to the current status with Capital One. In order to do that they are going to require a Board approval giving authorization not only to anyone we add but to include the other three names also.

Chairman Dufrechou moved for the motion, seconded by Commissioner Bridges and unanimously adopted.

OLD BUSINESS:

1. Annual Stormwater Report (MS4 Permit)

Mr. Capo updated the Stormwater Management Report stating the last time this report was filed was for the reporting year of 2005 - 2006. That report was filed in 2007. Mr. Gillen advised that this was for the Non-Flood properties and paid in 2008 in the amount of \$2,700. Mr. Gillen is willing to pay the full price this year and sign the documentation as the person that would attest that we followed the requirements in the Stormwater Permit. Mr. Gillen signed and they paid the \$5,600. In the future, they would have handle this for us and perform the

management and oversight. We would add our part and split the cost with them. Next year we will come to the Committee and ask for approval to pay for half of the cost.

PRESENTATIONS

Mr. Capo referred to the Revenue Breakdown sheet and went through each item as. Mr. Capo noted for this fiscal year the budget shows a transfer in from the Bally's settlement in the amount of \$2.54 million.

Commissioner Bridges inquired how much is left on the settlement. Mr. Capo stated there is \$3.6 million currently and so far \$444,000 has been transferred out with another \$2.1 million to come out this year.

Chairman Hoffman commented that based on current cash floor projections, unless we take different action, in January of 2012 this Authority is out of cash.

Mr. Capo responded that over the next couple of months we will come to this Authority with budget items which we are going to have to adopt early next year.

At this point, Commissioner Bridges was asked to chair the remainder of the meeting.

Mr. Capo added that the total revenue for this fiscal year is projected to be \$7.7 million.

Commissioner Bridges asked what else besides the transfer in from Bally's would be considered non-recurring revenue. Mr. Capo responded utility income, house plans and take-home vehicles.

Commissioner Dufrechou questioned occupancy at Orleans Marina and Mr. Capo estimated 90% but we need some work out there and there are some other spots inside the Marina and the New Basin Canal that are not useable. Mr. Capo advised that South Shore is between 40-45% with room for growth.

Commissioner Dufrechou then questioned Lakefront Airport's potential income. Mr. Capo stated that two things are lacking, operations and hangars. If we get hangars we can bring in more planes and sell fuel. Fuel sales are approaching 2 million gallons. It is coming back. Prior to Katrina fuel sales were approaching 4 million gallons. Flowage fees prior to the storm were \$.20 cents per gallon but in 2008 or 2009 we imposed another nickel rate increase.

Commissioner Bridges stated that the Airport is operating on a deficit and Non-Flood Assets Division is carrying them - can we bank that and when they become a revenue generator take that back. Mr. Capo replied that he has asked Andy Velayos, Program Manager for the FAA, that and he didn't think we could. We also took \$4.4 million from a totally non-Airport fund and put that into the Airport which is an investment into the Airport.

Commissioner Dufrechou questioned the \$2.5 million shortfall and possibilities to make up that difference. Mr. Capo stated that was one of the concerns the FAA has regarding if the Non-Flood becomes insolvent, who is going to keep the Airport operating.

Commissioner Bridges then asked Mr. Capo if he intended on going through the Revenue side because we don't necessarily have to. Mr. Capo replied that this budget is for informational purpose only but at some point we need this body to approve it. Perhaps at the next meeting we will dive into this a little deeper. Commissioner Bridges agreed and requested it be put on the next Committee Agenda so we can make a recommendation to the Board.

Commissioner Bridges noted for the record that some assets are making money and some are not. Mr. Capo explained that the New Basin Canal has little expense and has the largest net income. All of the properties are in the black except for the Airport. When I say black I'm talking about cash flow black. When you are factoring allocation costs and depreciation; that is another subject.

Mr. Capo then noted that the merit increase for this fiscal year has been suspended and is in effect until June 30, 2011. No one beyond July 1, 2010 received a merit increase. This is a result of the Civil Service because we follow Civil Service guidelines.

Mr. Capo then addressed the Organization Chart broken down by Executive Staff and each Department: Police, Non-Flood, Admin., Orleans and South Shore. The budget is our road map just to pay the bills.

Commissioner Bridges commented that there is only one way to balance the budget, get more revenue or cut expenses. If we are trying to find \$1 million in revenue, I would say that is probably going to be a far stretch. We have to start looking at this very carefully ahead of time and be prepared because I don't see how you can do it without cutting people.

Mr. Capo proposed that Lakeshore Drive is a Flood asset. If we could turn Lakeshore Drive over to the Flood side then we would need less police, and between those two we could probably come close to saving \$700,000-\$800,000 a year if not more.

Commissioner Dufrechou questioned if that would turn the police over entirely. Mr. Capo responded that we would require them to pay a larger portion of the police, pay $\frac{3}{4}$ as opposed to $\frac{1}{2}$.

Commissioner Dufrechou followed up regarding transferring police or a majority of the expenses to the Flood side and questioned if the Flood side has the income to cover that or are we putting the problem from one shortfall to another shortfall. Mr. Capo responded that they it been a while since I reviewed the revenue and expenses for the flood side. However, I believed that in 2008-09 the total revenue for the flood was in the neighborhood of \$22 million.

Commissioner Dufrechou asked what the organizational charge in relationship with the Southeast Flood Protection Authority is. Mr. Capo explained that we work with the staff, and they are willing to help us and vice versa.

Commissioner Bridges questioned if they had revenue. Mr. Capo explained that the Southeast gets \$500,000 per year from the legislature appropriated separately from the Orleans Levee District. .

Commissioner Bridges questioned signature authority for Non-Flood Assets' property. Mr. Capo stated the Corps, Steve Spencer and Gerry Gillen, granted right of way.

Mr. Metzger then addressed the Orleans Levee District stating that under the new legislation, Act 1014 refers to the Orleans Levee District and it still exists. When they divided Flood and Non-Flood, Orleans Levee District is underlying that and it exists under the new legislation. Mr. Metzger added that they are giving permits of ingress and egress over Non-Flood Assets to the Corps. That is what they have always done and what we used to do before things split in '07. That is the major function of the Levee District as flood protection. You had to go to Division of Administration, now you go to Management Authority.

Commissioner Dufrechou questioned situations where the Flood side is giving right of ways that eventually Non-Flood will get back but the property will be left in disrepair.

Mr. Capo explained that in the contract for the Bayou St. John flood gate, the Corps contractor worked with us for a while but then said: wait a minute we don't have any dealings with you guys, the state signed the contract.

Mr. Curtis gave another example being the Orleans Marina parking lot. The Corps contractor, Tetra Tech, has the ability to take over and close down the entire Marina parking lot. They are in 75% of the parking lot. The parking lot is shot and if they moved out tomorrow that entire parking lot would have to be resurfaced.

Commissioner Dufrechou requested Mr. Capo prepare a list of projects in this situation so the Commission can start a priority list of projects so that the Flood Authority can assure us will be restored to pre-project condition.

Commissioner Bridges added that the finer legal details need to be worked out between Flood, Non-Flood and the Southeast Flood Protection Authority so we know who is responsible for what. Mr. Capo agreed stating it is cleaner and both sides can operate with that because you know where your boundaries are.

Mr. Capo then addressed the Louisiana Asset Management Pool (LAMP) accounts. He explained the various uses of each account

Commissioner Bridges questioned the \$49 million total reimbursement versus the paid to date of \$44, million and stated that it looks like we have more reimbursed than paid out. The second to last column on the right hand side at the top says "Paid to Date – Reimbursed" with a negative \$4.5 million, which would show more reimbursed than paid.

Mr. Caire explained that this sheet is a work in progress and an introduction, summarizing project amount, description and contractor. The total of \$49 million is not exclusive to FEMA but includes FHWA and insurance.

ANNOUNCEMENT OF NEXT FINANCE COMMITTEE MEETING

The next Finance Committee meeting is scheduled for Thursday, December 2, 2010.

ADJOURNMENT

A Motion to Adjourn was called by Commissioner Dufrechou and seconded by Commissioner Brien and the meeting was adjourned.