

BOARD OF DIRECTORS' MEETING

December 19, 2018

MEETING MINUTES

SEWERAGE AND WATER BOARD OF NEW ORLEANS

ROLL CALL

The Board of Directors of the Sewerage and Water Board (SWBNO) met on Wednesday, December 19, 2018 at 9:10 AM in the Board Room at 625 St. Joseph Street. Special Counsel, Ms. Yolanda Grinstead, called the roll and confirmed the following members were present: Director Andrew Amacker, Director Joseph Peychaud, Director Lewis Stirling, III, Director Lynes Sloss, Director Dr. Tamika Duplessis, Director Nicole Barnes, Director Ralph Johnson, Director Eileen Gleason, Director Robin Barnes, and Hon. LaToya Cantrell.

The following member(s) were absent: Director Alejandra Guzman

Also present were: Ms. Geneva Coleman, The Hawthorne Agency, Inc.; Ms. Brenda Thorton, Communirep; Mr. Lloyd Lazard; Mr. Ramsey Green, Chief Administrative Officer, Infrastructure; Mr. Zach Monroe, Sabistan; Mr. Donald Lambert, Mott MacDonald; Mr. Mike Pugh, Mr. Randy Smith, Royal Engineering; Mr. Amer Tufail, GreenPoint Engineering; Mr. Pat Bryant, Rev. Gregory Manning, Justice and Beyond; Mr. Jason Akers, F&J; Representative, BETA Engineering, LLC.

Staff present were: Mr. Ghassan Korban, Executive Director; Ms. Yvette Downs, CFO; Mr. Richard Rainey, Deputy Director, Communications; Ms. Jacqueline Winston, Ms. Candace Newell, Board Relations; Ms. Yolanda Grinstead, Special Counsel; Ms. Mary Beth Arceneaux, Mr. Darryl Harrison, Legal Dept.; Mr. Dexter Joseph, Budget Dept.; Mr. Robert Jackson, Community & Intergovernmental Relations; Ms. Conestler Green, Purchasing; Ms. Irma Plummer, EDBP; Mr. Eric Labat, Chief of Operations; Fred Tharp, Chief of Networks; Paula Arceneaux, CWP; John Wilson, Support Services Administration; Brian Ferrara, Risk Management; Ms. Grace Birch, Mr. Curtis Elmore, Communications; Mr. Jason Higginbotham, Mr. Kirk Burrell, SWB; Mr. Robert Turner, PE; Mr. Ron Spooner, Chief of Engineering; Mr. David Callahan, Special Projects.

Prior to the start of the Board of Directors' meeting, Mayor LaToya Cantrell extended holiday greetings to everyone and indicated that she was proud of the progress that we are making. The Mayor stated that in the last election, the residents of the city of New Orleans voted to elect a representative from the New Orleans City Council to the Sewerage and Water Board. That does not mean, however, that come January 2019 we will have a new addition to the Board. It does mean that we will begin the process in January. To jumpstart the process, positions must first be declared vacant. They go on public record and notices are published throughout the city. A Selection Committee vets the applications. The Mayor makes the appointments that are then forwarded to the New Orleans City Council for adoption. The process will culminate June 30, 2019, and the Board makeup will change July 1, 2019.

APPROVAL OF PREVIOUS MINUTES

Director Lynes Sloss moved for approval of the Minutes of November 14, 2018. Director Lewis Stirling seconded. The motion carried.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Ghassan Korban began his report by thanking the Board for all their counsel and guidance thus far. To show his appreciation on behalf of his employees of the Sewerage and Water Board of New Orleans (SWBNO), the Board members were all presented with an SWBNO lapel pin. Mayor Cantrell asked if the logo was trademarked and if we received any royalties from the sale of items displaying the logo. Mr. Korban stated that we do receive royalties and that we will be more aggressive in getting revenues because the logo is very popular. Special Counsel Yolanda Grinstead stated that the proceeds go to the Water Help Program.

Mr. Korban announced that the two upcoming Mondays, December 24, 2018 and December 31, 2018 would be declared “off days”. Therefore, SWBNO would be closed except for all essential personnel. Employees were given the option of either using their annual leave or making up those hours during the current week or the following week. Overall, Mr. Korban feels that the employees have been very understanding in lieu of the situation that we are in and thanked them all. Mr. Korban stated that the executive leadership of SWBNO opted not to do a holiday in recognition of our financial hardship. They wanted to be frugal and responsible with the decision that was made.

Drainage Pumping Status

113 of 120 drainage pumps are available during rain events. Repairs underway on the following pumps:

Station	Neighborhood	Total Pumps	Designed Total Capacity (cfs)	Pumps Out	Station Operational Capacity	Estimated Repair Completion
1	Broadmoor	11	6,825	1	99%	3/15/2019
3	St. Bernard	9	4,260	1	77%	1/4/2019
4	Gentilly	6	3,720	2	71%	3/29/2019
7	City Park	5	2,690	1	97%	2/15/2019
15	N.O. East	3	750	1	67%	2/8/2019
20	N.O. East	2	500	1	50%	4/19/2019

Based on feedback last month from Director Stirling, Mr. Korban stated that more information was added to the status report, particularly the Estimated Repair Completion Date. He noted that the repairs will be completed prior to hurricane season. The repair that may concern the public the most is at Station 20 where one of the two pumps is out, indicating an operational capacity of 50%. The pump was down for service repair. Mr. Korban stated that they are not too concerned right now, given the location of that pump because it is industrial and there is larger green space that accommodates a lot of

water storage. They are also not concerned because of the season that we are in.

25 Hz Power Assets Schedule

Unit	Status / Expected Return To Service Date	Available MW
Turbine #6	Available	3.75 MW*
Carrollton Freq. Changer (1&2)	Available	8.5 MW
Station D Freq. Changer (3&4)	Available	12 MW
EMDs #1,2,3,4,5	Available	12.5 MW
Turbine #5	Available	20 MW
Turbine #4	Available	17 MW
Turbine #3	Available	12 MW
Turbine #1	Available	6 MW

*Turbine 6 is a 60 Hz generator that can produce 3.75 MW of 25 Hz power through a frequency changer.

Mr. Korban stated that we are in very good shape in terms of power. We actually have more power than we need. There was some confusion relative to the November 17, 2018 event, but that event had nothing to do with power or capacity. Mr. Korban stated that the event had more to do with actual pumps that pump our water. The issue was mechanics and other concerns that we faced that day.

Mr. Korban added another slide that showed current capacity. We have eight (8) fresh water pumps and currently we have seven (7) that are available. There are four (4) running at any given time to maintain pressure in the system. The Water Hammer is also operational, and on November 17, 2018, it did its job twice in two separate instances. Unfortunately, there was the continuous situation that exceeded the capacity. Regardless, it has worked and will be more effective in the future. Pump A is a major pump and is in need of a major overhaul. There is no estimated repair completion date at this time.

Billing Progress

Mr. Korban stated that we are making significant progress in the area of billing. At the end of September 2018, there were 12,432 pending transfer accounts related to people moving out and somebody moving in. We had major challenges by having those accounts linger and having customers not receiving bills for a long time. The number has dropped significantly to 4,695 outstanding transfers. The staff is confident that this number will be greatly reduced by Mardi Gras. We have been augmenting staff. We brought over 19 employees, 14 full-time and 5 part-time employees, in order to address this particular issue.

Mr. Korban stated that three major improvements to the billing system are forthcoming:

- 1) Resequencing Meter Reading routes to improve efficiency and accuracy; 2) Cogsdale software upgrades to eliminate a significant amount of errors or the ability to respond to inaccuracies in a more efficient way; 3) Utiliworks is finishing their report and are going to bring a series of recommendations that we are going to start implementing.

Pilot Paving Project

Director Amacker wanted to know how SWBNO manages its temporary restoration projects until we get to the permanent repairs. Mr. Korban stated that they are trying new techniques and new materials. The Department of Public Works (DPW) and SWBNO are closing in on the backlog and are moving forward. Mr. Fred Tharp, Chief of Networks, came up with flowable fill – a self-leveling material. It sets in 24-48 hours and works like pavement. It is temporary but will save this utility a lot of money in repeat trips to continue to fix a street. It is also much better quality in terms of product.

Mr. Korban stated that we are closing the period where we are repairing permanently the work that we touch within 2-3 weeks. He said that the patches will not be tested to their limits, but will hold up effectively until we get there. Contractors are coming on board to do nothing but follow our crews and finish the work. We have made a 2-3 week commitment.

Continued Outreach

Mr. Korban stated that we are continuing our outreach in the community. If our customers extend an invitation for us to come and talk to them, we will respond. Mr. Korban or a member of his leadership team will be there to answer their questions. In January 2019, the Keller Library will be a new location for Customer Service on Wednesdays. This was done in collaboration with Pastor Gregory Manning and Justice and Beyond. Director Eileen Gleason played a role in connecting SWBNO and Justice and Beyond. This is one example of us responding to our customers' needs.

In an effort to be more transparent, Mr. Korban stated that we are asking our customers, the media, and the public to subscribe to any information that we have available. They can go on our website and sign up for any information they may need.

Mr. Korban stated that we are also working on a dashboard in response to some comments last month in terms of real-time information for our customers. We are trying to be cost-effective, so we found that we have enough tools in house. We just have to interphase them together in order to provide a very effective tool in the near future without spending a lot of money.

PSA: Protect Your Pipes

Mr. Korban stated that we want to be proactive about teaching and educating our customers about what they should or should not do in the event that we issue a freeze advisory. So, we are having a robust media campaign. There will be an insert in the customers' bills. Also, for the first time, we are going to host a video on our website, continuing to be frugal, but effective. We utilized one of our own, Mr. Kirk Burrell. We developed a 2-minute video at a very minimal cost to educate our customers.

HONORS AND AWARDS

Chief Financial Officer, Ms. Yvette Downs, made the presentations of the honorees.

- Ms. Miera Moore was recognized as Employee of the Month for revising the New Hire Onboarding process, including making a video featuring the Executive Director to inform new hires of the operation of the SWBNO. She also implemented a safety program. Under her leadership, departments began working together on training in the area of customer service.

- Ms. Vana Acker and Ms. Clarissa Houston were recognized as Employee Group of the Month for their work with the Sewerage and Water Board's REC CLUB to raise money for breast cancer research. Under their leadership, the SWB employees donated \$1,120.00 to the American Cancer Society. The employees wore a T-Shirt designed by staff when they participated in the Breast Cancer Walk in the Baby Cakes Stadium parking lot on October 13, 2018 on Airline Drive in Metairie, LA.
- Retirees (October–December): Kenneth Kleinschmidt, Ella Stewart, Clarence Plains, Anthony Stewart, Hazel Collins, Raymond Culotta, Dennis Gros, Sheila Holmes, Norvin Jones, Connie Raymond, Wilson Blake, Lucas Simmons, Elmaree Thomas, Robert George, Gerald Preau, Albert Cassanova, Willie Mingo, Conestler Green, Lyndal Scott.

Finance and Administration Committee Report

Director Lynes Sloss read the report of the Finance and Administration Committee Meeting and the report of the Special Finance and Administration Committee Meeting. Twelve (12) action items were approved. Director Dr. Duplessis moved for acceptance of both reports. Director Joseph Peychaud seconded. The motion carried.

Pension Committee Report

Director Joseph Peychaud read the report of the Pension Committee. There were three (3) action items. Resolution (R-200-2018) 2019 Pension Cost of Living Payment and resolution (R-199-2018) Investment Policy were approved. No action was taken on resolution (R-196-2018) 2019 Segal Company Actuarial Services. However, it will be considered and voted upon at the next Board of Trustees meeting.

Director Ralph Johnson moved to adopt the report. Director Nicole Barnes seconded. Director Eileen Gleason wanted to amend the minutes. She felt that the minutes did not adequately summarize the Q&A that she had with Mr. Weiler, the attorney advising the Employee Retirement System (ERS). Director Gleason stated that Ms. Grinstead asked Mr. Weiler whether the Board of Trustees is a separate entity and Mr. Weiler replied that it is. Director Gleason said she then asked Mr. Weiler who would be the appropriate contracting party if the Board of Trustees were to replace the actuary and Mr. Weiler replied it would be the Board of Trustees. Then Director Gleason said that she asked Ms. Grinstead if she had tendered a contract to the actuary in the name of the Board of Trustees and Ms. Grinstead replied that she had not. Director Gleason asked that the colloquy be added to the minutes.

Ms Grinstead stated that Attorney Weiler has addressed a letter that will be mailed to all of the Board of Trustees regarding clarification of his comments at the last Pension Committee meeting.

Director Dr. Duplessis stated that the record should reflect that the reason why that contract had not been met was because the previous contract was in the name of the Sewerage and Water Board of New Orleans and not the Board of Trustees. Hence, we are attempting to replace that contract. The Mayor stated that she appreciated both points of clarification for both the Board and the public.

Mr. Lloyd Lazard then made a public comment prior to the vote where he addressed the comments made by two Sewerage and Water Board employees at the end of the last Pension Committee meeting.

Mayor Cantrell called for the vote on the amendment that was clarified by Directors Gleason and Duplessis. The motion carried and the amendment was approved.

Director Dr. Duplessis moved to adopt the report as amended. Director Lewis Stirling seconded. The motion carried.

Mayor Cantrell stated that in January 2019, the members of the Board of Trustees will move forward with the minimum 5-hour training, which can go up to 16 hours, to make sure that we are in legal standing as relates to the Board of Trustees.

Ms. Grinstead stated that they are in the process of creating a record to make sure that all of the trustees have had the training and that it has been documented. Directors Stirling and Gleason indicated that they have already had the training. Ms. Grinstead stated that she was aware that some of the members went to the Louisiana Association of Public Employees' Retirement Systems (LAPERS); therefore, LAPERS would have some documentation, but in house training was not necessarily documented. So, we have to recreate that documentation in the event that we are audited.

Mayor Cantrell stated that moving forward, there is a process in place for documenting training and certification overall. Ms. Grinstead stated that they will encourage everyone to go to LAPERS. We will have Mr. John Weiler and Mr. Octave Francis conduct training like they have done in the past which was documented, with also written material, curriculum and agendas.

Director Ralph Johnson stated that the Board did not take action upon the two resolutions for Employee of the Month prior to the Committee reports. The Mayor stated that action would be taken in conjunction with the Corresponding Resolutions.

Presentation Items

Chief Financial Officer Ms. Yvette Downs gave an abbreviated presentation of the recommended 2019 Operating and Capital Budgets and 2019-2028 Capital Program that were presented at the November 2018 and December 2018 Special meeting of the Finance and Administration Committee and recommended for approval by the committee on December 12, 2018. The 2019 Operations and Maintenance Budget and the 2019-2028 Capital Program were recommended for adoption.

Director Lynes Sloss expressed his concern about the 2019 Recommended Capital Budget. He stated that everyone should take note of the \$582,633,383 total recommended and the \$415,967,653 total unfunded recommended projects. He stated that these high amounts mean that we have to find a way to secure funding, and that this comes recommended by the Finance Department.

Director Lewis Stirling asked about the \$40 million bond plan. He wanted to know if there was a target date to go to the market. Ms. Downs stated that the target date would be as quickly as possible; however, there is a process. A representative from the Bond Counsel was asked to respond to Director Stirling's inquiry.

Mr. Jason Akers with Foley & Judell, L.L.P. stated that they are operating under a time schedule that would have money in hand for the Sewerage and Water Board for drainage projects in mid-May. He further stated that the action that the Board was taking at that meeting was the first approval for the Sewerage and Water Board. Approvals are also required by the Board of Liquidation, the City Council, and the Louisiana State Bond Commission. Then they have to get out in the market and sell the bonds.

Director Stirling asked Mr. Akers if the \$40 million was new money or was it to retire old bonds. Mr. Akers stated that the \$40 million is new money, but that it does include a portion to reimburse the Board for what it has spent for projects already. So that by the time the bonds are sold, approximately \$10 million will be allocated back into the drainage system and capital for projects done in 2018.

Director Robin Barnes had a question about the budget and the \$40 million. She asked if the \$40 million in the assumed funding column was available in the budget. Ms. Downs stated that it is assumed for the \$166 million that were proposed, \$40 million of which is assumed as part of the funding source.

Director Stirling asked if we have more bonding capacity than the \$40 million. Mr. Akers stated that we have more legal capacity than the \$40 million.

Admiral David Callahan gave the Leadership Training Report. He stated that things are being done to change the organizational culture. They are in the process of creating a leadership program under Delgado's umbrella because they have the capability to help us accomplish this goal. There must be a leadership framework before creating a leadership program, and SWBNO has adopted a model. It is a 10-page document that goes into great detail about the leadership competencies. In addition, they have created the Executive Director Employee Advisory Council (EDEAC). The Council has a direct line of communication and report directly to the Executive Director.

Mayor Cantrell thanked Admiral Callahan for his enthusiasm to see this through. Director Robin Barnes stated that putting a human face on the organization adds credibility with the community. Director Stirling stated that this leadership training puts a stamp on the new direction that our company is going. Admiral Callahan stated that we have to keep the momentum going.

Mr. Pat Bryant gave a public comment. He spoke in support of the training. He preferred the term Leadership Education rather than Leadership Training. He stated there should be organization of the non-professional, non-management people, which is done best through a union that gives workers protection that other employees have against retaliation.

CORRESPONDING RESOLUTIONS

The following resolutions were approved at the November 2018 Finance and Administration Committee Meeting:

R-189-2018 – Commendation to Vana Acker and Clarissa Houston for Being Selected Sewerage and Water Board Employee Group of the Month for December 2018

R-190-2018 – Commendation to Miera Moore for being Selected Sewerage and Water Board Employee of the Month for December 2018

R-181-2018 – Ratification of Final Acceptance and Close Out of Contract 5241, Drainage System Support Anti-Siphon Replacement DPS 1 Project

R-184-2018 – Final Acceptance and Close Out to Capital Project H0960 – Geotechnical Engineering Services Necessary for the Implementation of the Sewerage & Water Board of New

Orleans Green Infrastructure Plan

R-186-2018 – Final Acceptance and Close Out to Contract CO-17-0010 – Emergency Repair Services for Turbine 3

R-187-2018 – Ratification of Change Order No. 15 for Contract 6247 – Hazard Mitigation Grant Project Retrofit of Generator 4 at the Carrollton Water Purification Plant/Power Complex

R-188-2018 – Final Acceptance and Close Out to Contract CO-17-0019 – Emergency Repair Services for Turbine 3

R-193-2018 – Ratification of Change Order No. 2 for Contract 2126 – Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Sites throughout Orleans Parish

R-194-2018 – Ratification of Change Order No. 1 for Contract No. 30216 – Restoration of Existing Gravity Sewer Point Repair of Sewer Mains at Various Sites throughout Orleans Parish

R-195-2018 – Ratification of Change Order No. 2 for Contract 30203 – Restoration of Existing Gravity Sewer Point Repair and CIPP Lining of Sewer Mains at Various Sites throughout Orleans Parish

R-201-2018 – Resolution Authorizing Application to the Louisiana Department of Environmental Quality

R-202-2018 – Preliminary Resolution Authorizing Drainage System Bonds

Director Ralph Johnson moved to accept the Corresponding Resolutions in global along with the Calendar and Holiday Schedule. Director Robin Barnes seconded. The motion carried.

Mayor Cantrell asked CAO of Infrastructure Mr. Ramsey Green for a brief update of the quarterly meeting with FEMA. Mr. Green stated that in the new infrastructure program, a big win that we had jointly in the last 30 days was the new DPW Director, Mr. Keith Lagrange. He stated that they learned there was about \$2 billion obligated by FEMA in July 2016 under the previous administration, and less than 1% had been spent between July 2016 and May 7, 2018. The current administration discovered that the Environmental and Historic Preservation Review Process (EHP) was causing a 180-day lag time in getting projects approved. So, the City developed a new organizational structure in conjunction with FEMA coordination that includes the hiring of an in-house archaeologist and an in-house preservationist funded by FEMA, with the lab resources of the UNO archaeology program also funded by FEMA. As a result, our EHP Review Process is down from 180 days to 30 days, which is a huge victory.

Mr. Green stated that another big victory is the Hazard Mitigation Grant Program (HMGP). All of the green infrastructure projects are now meeting dollar for dollar. The Mayor stated that all of those projects are officially greenlighted and approved by FEMA.

Mr. Green also explained that PDU is the process of grant management for FEMA work done at the City and at SWBNO. He feels that we can become more efficient by having those two teams working

together. Mayor Cantrell has created an infrastructure and maintenance fund. Director Sloss moved to accept resolutions (R-204-2018) 2019 Capital Budget, (R-205-2018) 2019 Operation Budget, and (R-206-2018) Operating and Capital Budget Blanket Appropriations. Director Peychaud seconded. The motion carried.

PUBLIC COMMENTS

The following persons appeared before the Board of Directors to make comments:

- Rev. Gregory Manning spoke on the Mobile Billing Initiative. This is being done to establish better credibility and trust by the SWBNO. He suggested that it be publicized on social media. Also, Mr. Korban will be with Justice and Beyond on January 14, 2019.
 - Mr. Lloyd Lazard commented on the EDB Participation v. Inequity and the bonding of the Board in the interest of the people.
 - Mr. Pat Bryant stated that in evaluating the SWBNO, he would give a grade of C-.
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EXECUTIVE SESSION

Director Lynes Sloss moved to enter into Executive Session. Director Ralph Johnson seconded. The motion carried.

Director Joseph Peychaud moved to leave Executive Session and return to Regular Session. Director Nicole Barnes seconded. The motion carried.

Director Dr. Duplessis moved to accept the recommendation of Counsel as related to Adams v. Cummings, et al. Director Andrew Amacker seconded. The motion carried.

Director Lynes Sloss moved to accept the recommendation of Counsel as related to Sewell, et al. v. SWBNO. Director Robin Barnes seconded. Directors Gleason and Stirling recused themselves. The motion carried.

INFORMATION ITEMS

The following items were submitted for informational purposes only:

- Financial Results through October 2018
- Executive Director's Approval of Contracts of \$1,000,000.00 or less
- Report of the General Superintendent
- Report of the Special Counsel
- FEMA November Project Worksheet
- Monthly Human Resources Activity Report for the Period November 1 – November 30, 2018
- DBE Participation on Contracts

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at approximately 11:20 AM.