

# LEGISLATIVE AUDIT ADVISORY COUNCIL

## Minutes of Meeting August 24, 2009

A meeting of the Legislative Audit Advisory Council was held on Monday, August 24, 2009, in House Committee Room 2 of the State Capitol Building in Baton Rouge, Louisiana.

### CALL TO ORDER AND ROLL CALL

Senator Murray called the meeting to order at 10:15 p.m. A quorum was present with the following members in attendance:

#### Members Present

Senator Nick Gautreaux  
Senator Edwin Murray, Vice Chairman  
Senator Ben Nevers  
Senator John Smith  
Representative Charles Representative Kleckley  
Representative Anthony Ligi  
Representative Cedric Richmond  
Representative Neil Abramson

#### Members Absent

Representative Noble Ellington, Chairman  
Senator Willie Mount

### APPROVAL OF MINUTES

Copies of the minutes for the meeting of April 20, 2009, were previously mailed to Council members for review. A motion was made by Senator Nevers that the minutes for April 20, 2009, be approved and with no objections, the motion passed.

### LITIGATION UPDATE

Mr. Theriot explained the resolution of the lawsuit that had been waged against the office of the Legislative Auditor (LLA) and the Legislature in terms of the ongoing audit of the Department of Insurance (DOI) has been resolved. The judge rendered his judgment on July 17<sup>th</sup>, and became a final judgment. DOI has until mid October to determine whether they appeal. Mr. Theriot said he had a very good meeting with Commissioner Donelon and his staff, and they have given them access to all the records to date. He has put LLA technical people with DOI's to come up with a methodology on how to have access to the records, and they have granted that. The audit for the year ending June 30, 2008 will probably be released soon since they have completed the majority of the field work in regards to the audit, since there was just one finding which was not having access to the records. But they will deal with that issue and produce the 2008 report and then have an opportunity to have access to all the records for the period ending June 30, 2009.

Mr. Theriot said their attorneys including his general counsel did an outstanding job of representing both his office and the legislature. He presented to the council the cost incurred in dealing with both the audit and the litigation. In a meeting several months prior, Mr. Theriot had estimated the cost to be right at \$2 million between Citizens Insurance and the Department of Insurance. Mr. Theriot said that to date including legal costs, but not including the cost of LLA directors and his time, cost is about \$ 2,472,000 in the DOI audit. Reviewing the time extended in addition to what they had billed DOI for the audits, of which DOI had paid \$123,000 for 2008 and 2009. Mr. Theriot continued that he will present a bill to DOI for \$ 692,000, of which the legal part for the contract attorneys was right at \$100,000 and his interim legal cost for LLA staff was \$50,000 just to deal with the lawsuit. Legal expenses for the lawsuit itself are between \$150,000 and \$200,000. The remainder of the time expense was for trying to do work arounds, and other issues they were consulted with abnormally with the Department. Mr. Theriot stated that his general counsel and the two lawyers that represented them were present if the council should have any questions in regard to the judgment. He expressed that he felt comfortable after meeting with the Commissioner and his staff that the auditors will have the ability to have access to records same as in any other agency, and did not view any major obstacles at this point.

Senator Murray asked if the Commissioner indicated whether or not the department would appeal this decision. Mr. Theriot said that the Commissioner told him that he has not made that decision yet, and has not indicated either way but has until October 14 to make that decision. Senator

Murray stated he was trying to remember if it was regarding this issue that Mr. Donelon indicated to this Council that when the court ruled he would live with whatever the court ruled. Mr. Theriot said initially Mr. Donelon stated that he would follow the court's ruling, then in a subsequent meeting he said he would not do away with any options, and still retain his ability to appeal, but not prohibit the auditors from having access to the records.

Senator Murray asked if since the court ruling Mr. Theriot has had access necessary to conduct the audit. Mr. Theriot said as of that time they have had nothing that would be seen as an impediment to their ability to have access to the records. Senator Murray asked if the auditor had ever presented a bill to another agency for additional costs. Mr. Theriot said they have never been in an audit situation such as this, but does inform all agencies in terms of things that change they will bill for additional time if required. Mr. Theriot recollected that the Commissioner had previously acknowledged before the council that he assumed in the event that he lost he would be getting the bill from the auditor on this litigation. The auditor's office has a detailed bill of both the time for staff and the legal costs that were incurred dealing with the litigation as opposed to the audit. Senator Murray asked Mr. Allen Usry, attorney for LLA, if he had anything to add. Mr. Usry stated that Mr. Theriot has covered everything and the date is accurate on the appeal.

Senator Nevers asked Mr. Theriot if the bill to the Department of Insurance will include all costs associated with the litigation. Mr. Theriot said it will include LLA's litigation costs plus the additional cost incurred for additional time expended on those audits. Senator Nevers said he thinks the council should be at least informed as to how Commissioner Donelon is going to pay it and where those funds will come from, adding that it certainly should not come from increased insurance rates across the state from their constituents because the Department of Insurance refused to give the records needed to accurately audit their books. Senator Nevers expressed that he did not know by what means they have to go after individuals or others to pay this amount of money but believed they should pursue all means of seeing that these dollars are paid out of some source other than the citizens of this state.

Mr. Theriot said those are valid points and when he sends the bill itself, it will be a detailed bill both describing the nature of the additional costs, as well as the costs that they incurred from legal fees. Senator Nevers suggested to the Chairman to invite the Commissioner to tell the council how he plans to pay for this and what fund it will be coming out of. Senator Murray said there was someone from DOI present earlier and asked if anyone from the Commissioner's office was at the meeting. Senator Nevers said it is a shame that the citizens have to sue the citizens of our state to get records that belong to us and he thinks someone should be accountable for this. Senator Murray said he agreed and offered that they would be there for a couple of hours if someone would like to come speak with the council today. Senator Murray asked if Mr. Theriot would normally bill the department for the audit, and presumed that was built into their budget.

Mr. Theriot said correct, and has offset his cost by what DOI has already paid in those regards, and explained to the council that he has not yet presented or shared with Commissioner Donelon what the bill would be because he wanted to bring it to this body first because in previous discussions he had shared a number that was all inclusive of Citizens and the Department of Insurance on the endeavors that they had extended. The auditor's office has extracted the amount that was specific to the Department of Insurance audit process that was over and above the normal time that would have been allocated for the normal audit process as done in other agencies. Senator Nevers said he noticed Citizens Insurance was ruled against in a recent court decision in which he did not know what the settlement was, but there was a settlement reached so that the policyholders across the state would not have to pay for an increased amount to pay off the judgment. Senator Murray said there was not a settlement yet, the court ruled in the matter and they have until today to post the bond to cover \$93 million judgment, and some talk of structuring a settlement and going before the court today.

Representative Kleckley said that right before the session the Commissioner had sent a letter to all the legislators saying that once this was decided in court, whatever the decision was, he would turn over his information and that is what he has done. He asked Mr. Theriot to notify himself and probably all the council would also like to know if he experiences any bumps along the way. Representative Kleckley asked Mr. Theriot if he had some timetable of how long he expects to spend in the Department going over the emails. Mr. Theriot said not sure but his auditors are working on it now that they have access and will begin defining the attributes of those emails, but hoping to have the matter concluded either by December or January in terms of the audit for year ending June 30, 2009.

Representative Kleckley asked if by the end of December or January Mr. Theriot should have all the information needed from the Department of Insurance in reference to this audit. Mr. Theriot said that would be our expectation predicated on everything going smoothly and he does not expect any hiccups to occur since the conversation with the Commissioner and members of his staff was

very productive. Representative Kleckley asked if he had any idea when your department will be finished with the audited financials for Citizens for the past year. Mr. Theriot said in the later part of November. Representative Kleckley said at the Citizen's Board meeting the other day they said it would be around October 1<sup>st</sup>, so that date is not correct. Mr. Theriot said no sir. Representative Kleckley asked Mr. Theriot if it would be at the latest the end of November. Mr. Theriot said yes, and as a matter of fact had some discussions this morning and hoping to have a conversation with Mr. Wortman and hopefully address the Citizens Board in Executive Session on some issues at the next board meeting whenever that may be. Senator Murray said since no further on this issue, the gentlemen from Shreveport Home Mortgage Authority have asked to be moved up on the agenda since they have a long drive to Shreveport, so the council addressed #8 on the agenda.

## **SHREVEPORT HOME MORTGAGE AUTHORITY**

Mr. Daryl Purpera, First Assistant Legislative Auditor, recalled for the Council two meetings previously which addressed the issue of Shreveport Home Mortgage Authority (SHMA) with the issue being that the latest audit received was for their 12/31/06 audit. There were some problems with the 12/31/07 and 12/31/08 audits which also caused the City of Shreveport some issues. This entity is a component unit of the City of Shreveport and by not having an audit it causes them to have a qualification or disclaimer of a certain portion of their financial statement. The council requested two meetings ago that they send representatives, and at the last meeting the council asked our office to subpoena a representative of this board. Today we have Dr. Charles Lester, president of the board and Mr. James Burnett, legal counsel for SHMA and another gentleman here to speak.

Senator Murray told the representatives of SHMA that they had been requested to appear because of the audit not being completed and to address that issue and when to expect it to be completed. Mr. Sam Jenkins, personal attorney for Dr. Charles Lester, chairman of SHMA, and Dr. Lester himself and the attorney for SHMA all were present to adequately answer the questions. Mr. Jenkins said that Dr. Lester had prepared a written statement which he requested to make part of the record. The document was distributed to all the council members and LLA staff. Mr. Jenkins said that they apologize, and they have the highest regard for this council and the office of the Legislative Auditor and it is a humongous task to keep up with these matters. Mr. Jenkins further stated that they were somewhat embarrassed to be present this morning in a somewhat unpleasant circumstance, however, assured the council after this discussion and answering any questions, which may put a brighter spin on this. Mr. Jenkins asked the Chairman to allow Dr. Lester to read his statement and then go into whatever questions they may have.

Dr. Charles Lester, chairman of the SHMA, said he had a prepared statement so that he would not ramble. Dr. Lester proceeded to read his written statement explaining the agency's situation and advisement by the attorney for SHMA. Senator Murray asked Mr. James Burnett, counsel for the SHMA, to explain why he advised Dr. Lester to not come to the previous meeting.

Mr. Burnett said it was not exactly that he advised him not to come, and that about the time the subpoena was issued for his attendance in April, so he wrote a letter to the council explaining the background, much of what Dr. Lester has given already. Senator Murray said the last time the council met there was no subpoena issued at that time, and the subpoena was issued at that meeting because of the failure to appear. Senator Murray continued that they always invite people to appear and if you do not, the council has the prerogative to authorize a subpoena, so you were not under a subpoena at that time. Mr. Burnett said that is correct, there was no subpoena issued at that time, however he wrote a letter to you folks. Senator Murray asked Mr. Burnett when he said "you folks" to more specific, if he meant the auditors office.

Mr. Burnett stated that the letter was addressed to Representative Noble Ellington for the council; Steve Theriot as the Legislative Auditor; Jenifer Schaye as General Counsel; and Daryl Purpera with the Legislative Auditor's office. The letter went into the history of the Shreveport Home Mortgage Authority which began in 1979. Mr. Burnett explained that Dr. Lester was the only trustee who has continued all through these years, and the other trustees have been replaced. He explained that he has acted as the local attorney for the Home Mortgage Authority since it's inception in 1979. The authority was composed of volunteers, composed of citizens of Shreveport who desired to assist low to moderate income folks to become first time home owners. It was a public spirited type of endeavor by each of these members. Each member was committed to doing that rather than serving for their own enjoyment or their own pleasure, or own remuneration. In fact they elected early on that they would not be compensated for it. They had a very good arrangement in Shreveport at that time. The initial trustee for the first issue of \$65 million was Commercial National Bank in Shreveport which was a locally owned bank. They knew the people at Commercial, and dealt with them on a first name basis, and could call or stop by their office to see them. The bank basically performed our functions for us and continued to do so through three or four bond issues for several years. Then Commercial, with the changing in the banking industry basically got out of the trust business. It got passed over to First National Bank or perhaps Premier Bank or Chase, it has changed names so many times they

have lost track of it. It stayed in Shreveport for a while, and they still had that easy relationship where the trustee bank performed their functions. The authority had no office, had no staff, it had no telephone, no mailing address other than the Mayor's office or perhaps to Mr. Burnett's office and then eventually to Dr. Lester's office, and then occasionally to the CPA's who were assisting them in preparation of their statements. Then there were dramatic changes in the banking industry and that trusteeship work left Shreveport, first went to Baton Rouge, so they lost the local contact and people who were doing those things for us. And then it scattered across the United States among various trustees and even those trustees later learned split it into different cities and therefore dealing with a multiple of people. There was no one in the Authority that was coordinating all of this work. Mr. Burnett continued that it ran along on its own fairly well for several years and then they got in trouble in the first year was 2006, being the first year they were late, then they got into more severe trouble in 2007 and 2008. Senator Murray asked when Mr. Burnett said "trouble" what he meant by that.

Mr. Burnett explained they were late getting documents together. About that time, there were changes that prohibited the same accounting firm from preparing financial statements and also preparing the audit so they had select a local CPA to prepare their financial statements, since they had no office, no staff to do it. A CPA in Shreveport named Harold Roberts performed that function for 2-3 years then decided he did not want to do it anymore. That was about the time they fell behind with their work when they hired the CPA firm by the name Cook and Morehart. Mr. Travis Morehart is the principal one that stepped in and prepares their financial statements now. Mr. Burnett explained that SHMA has no selection, no determination, no voice in deciding who does the audit because the City of Shreveport makes that determination and this year and last year it has hired a CPA firm in Little Rock, Arkansas. He said we fell behind in getting the work done, partly due to the problem was gathering the information. Mr. Roberts had difficulty dealing with these trustees around the United States. Mr. Morehart has a lot of difficulty getting responses and information. About the time the council invited to Dr. Lester to come down here in April, Travis was able to obtain the information to prepare the 2007 financial statements. He prepared those in April of this year and delivered them to the City's auditors. Then he set about rounding up the information for 2008, and has just finished '08 this month which has now been delivered to the accountants in Little Rock to do their work. The bright spot is this, a couple of things have happened. After this council's April meeting the authority representatives had a meeting with the leaders for the City of Shreveport - the Mayor's office, the City Attorney's office, and the Internal Auditors office. We told them what we were going to do to resolve this problem and more importantly avoided going forward. SHRM held a series of meetings, where they commissioned Travis Morehart to find for us a part time employee who would be the focal point of this information. It took about two months to go through the candidates and we finally found a lady who is an accountant and she has been retained by us as a part time employee. She has done a very simple thing like rent a post office box which we will now direct all the information to. Her job will be to coordinate and collect that information, compile it and deliver it to Travis Morehart so he can prepare the financial statements timely going forward. The other bright spot is for the year 2009, which the audit will be due June 30<sup>th</sup> of next year, Mr. Morehart has already begun work on that. We are confident that we will have all that information timely compiled so we can submit it to the City's auditors and be on time starting next year.

Senator Murray said thank you and that is a nice recitation of what Dr. Lester told us. I have a simple question, why did you tell him not to come to the meeting. Mr. Burnett said he did not think he told him not to come, but that he wrote the letter which he did not know if Senator Murray had it or not. Senator Murray said he did not have it. Mr. Burnett said the letter gave the background. Senator Murray asked Mr. Burnett if someone from the auditor's office or Representative Ellington's office told him not to worry about showing up for the meeting. Mr. Burnett said he did not think that was a fair statement, and did not think anyone said that, nor recall anyone telling them that they do not have to come. Senator Murray said he would just like to figure out why he would tell Dr. Lester that he did not have to come to the meeting. Mr. Burnett said he did not remember specifically telling Dr. Lester that he did not have to come to this meeting but Dr. Lester had a copy of his letter. Mr. Burnett said that he told the council everything that they would tell them if they appeared, and it is a long way from Shreveport and Dr. Lester is a full time practicing dentist and to come down here he has to shut down his practice for an entire day. Mr. Burnett said there was not anything they could add and telling them what is in the letter, what he just said, nothing more to it.

Senator Murray said these meeting serve a purpose, and do not have them to just say we are having a meeting. He said this council really is concerned about dollars spent in this state and making sure that they are spent in the correct manner, and the only way to know that is by an audit and you get on this list when the auditor's office tells us that you are not cooperating with them, and that is why you make this list. Unless the auditor relays something to you or Mr. Ellington said to not appear, you or someone from the agency should have been here and that is why the subpoena was issued because you ignored us.

Mr. Burnett said they acknowledge that and apologize for not appearing at the meeting. He said that truthfully he thought in the letter he wrote that he told them everything that he knew and did

not know what else to do. Senator Murray said so you will know in the future when you get this invitation asking you to come, unless the auditor's office or Mr. Ellington as the chair, or me when next year I will be the chair, unless someone tells you not to come, you have to show up. If you do not, that is when the subpoena comes out and that is why we issued the subpoena. Senator Murray asked Mr. Theriot if the things Mr. Burnett suggested about the audits being done were accurate.

Mr. Purpera said that SHMA has made significant progress towards the audit, but do not have a complete resolution date. Mr. Purpera said he had heard that in the next few months there being a completion of the 2008, but then he also just heard that it is unknown so until that time. Mr. Purpera said they have been in constant communication with Mr. Burnett and others for the last four months and has seen significant progress towards getting an audit. As of yet they do not have an audit for the 2007 and 2008 years, which those are still pending. Later in the meeting the council will also review the extension requests they have made for those audits. Senator Murray asked if Mr. Purpera would be recommending that SHMA receive an extension because if not he would like to deal with that, otherwise they can let them return to Shreveport. Mr. Purpera said they are recommending that it be brought to the council for their consideration, as the auditor is not recommending approval.

Mr. Burnett said that he made an application for extension for the year 2007 and 2008 on May 5<sup>th</sup> and as he understands it, those were rejected, so he asked if they would have to reapply today or would those requests suffice. Mr. Purpera said that their policy which was approved by this Board in 2007 allows the Legislative Auditor to give a first extension of 90 days in certain situations where it is outside of the control of the entity. In this situation they felt this was perfectly within the control of the entity, collecting the normal documents that they should be collecting in everyday business, so that is why they would defer to the council as to whether you want to give that extension. Senator Murray said he would like to pass at this time.

Mr. Burnett said they have one other document from the local CPA who prepares the financial statements and an email from the City's auditor in Little Rock giving the status of what they have done and what they project they will do to deliver the documents. Mr. Sam Jenkins said those documents are attached to Dr. Lester's statements. Mr. Burnett said there are two letters – one from Travis Morehart and the second is the email from the auditors. Senator Murray asked if he had provided a copy to the auditor's office. Mr. Burnett said he was not sure if they had or not. Senator Murray suggested that they really need to communicate with the auditor's office so those documents that talk about the audits and the time frame for completion need to be made aware of that information. Mr. Burnett said he has forwarded emails to the auditor's office weekly for the last six weeks since the auditors in Little Rock began the work, and this is the most recent one that came this last week that has not been passed on and he would give them copies this morning. Mr. Burnett said when he returned to his office he will forward the emails to Mr. Purpera.

Senator Nevers commended Dr. Lester for all his years of service and volunteerism in his community as he read his resume. He thanked Dr. Lester and said that this is a precedence the council set many years ago to actively subpoena people to come before this council if in fact they are not responding to the auditor and to our invitations. Senator Nevers said it was not pointed at you, that others have been in his seat today. Senator Nevers said a question for Dr. Lester's attorney that advised him to not come before the council, if he was a volunteer or paid by the agency. Mr. Burnett said he gets paid, and is not a volunteer. Senator Nevers asked Mr. Burnett is he gets paid for advice. Mr. Burnett said yes, sir. Senator Nevers asked if he is denying giving advice to not appear before this council. Mr. Burnett said that he already stated he does not recall specifically telling Dr. Lester that he did not have to go to the meeting, but he wrote the letter and reiterated what he explained earlier. Senator Nevers said he brought it up because it is in writing from Dr. Lester, so it seems that there is some conflict between Dr. Lester and Mr. Burnett that both can resolve later. Senator Nevers said he wants to thank Dr. Lester and all the volunteers that have tried to keep this program going but it is imperative to get this issue resolved because it also affects the City of Shreveport on their audit.

Senator Gautreaux asked Mr. Burnett if he has auditors from Little Rock. Mr. Burnett said they do not, the City of Shreveport does and the City selects the auditors, and the audit for the Shreveport Home Mortgage Authority is included in the City's audit. Senator Gautreaux stated that they are paying state money to an outside firm in Arkansas, and asked if there was anyone in Louisiana that can do this specific audit. Mr. Burnett said SHMA did not do it, the City of Shreveport made that decision, and the authority has no voice in that at all. Mr. Burnett said originally they did have their own auditors, and selected local people to do it, but somewhere along the line the City instructed SHMA that they would make the selection and include their audit in the City's.

Senator Gautreaux said he enjoys attorneys when answering questions that you specifically do not recall and sometimes we realize you may not recall, but when you have a letter saying that one party thought - there could be a discrepancy between it. Senator Gautreaux stated that they did have a problem with a judge before where the judge thought he did not have to come before the council, so

the council also subpoenaed him. He shared that Mr. Lester was not the only person subpoenaed, and that it is a policy the council adopted that if someone does not show up, they subpoena them and it is a consistent policy since they started no matter who that was, so he appreciated them coming today. Senator Murray said the extension requests would be taken up next. Mr. Jenkins stated that Dr. Lester was concerned about the contempt order. Senator Murray said he satisfied it by his appearing today.

## HB 1 AND 2 EXTENSION REQUESTS

Mr. Theriot said prior to discussing the extension requests for HB 1 and 2, they have a matter of housekeeping or information that the council needed to be made aware of. As the council would recall, two years ago in House Bills 1 and 2 the language was inserted to the effect that any entity that is in receipt of any funds from House Bill 1 or 2, if they were not compliant with the audit law they will go on the noncompliance list. It was further done in Joint Legislative Committee on the Budget (JLCB) where the legislative intent was that the Legislative Auditor would be able to grant the initial extension of 90 days where warranted for funding purposes. This year in House Bill 1 that language was changed, but House Bill 2 is consistent with what has been in the past. The language change basically says that any extensions of time for entities put on the non-compliance list would come from this body, so we are going to be faced with primarily with two lists – one for House Bill 2 which is consistent with what it has been in the past and our ability to grant extensions for funding. House Bill 1 as it stands in the language would require this council to meet and make determination of whatever is there. The only options that you would have to maybe go back and do what was done previously in Joint Legislative Committee on the Budget because basically although I was able to grant the initial 90 day extension, you all reaffirmed that when we met. That was why when you receive the extension requests there is an affirmation of my giving the initial 90 days. Anything beyond that, you all have taken up as a body to determine whether or not any additional extension would be granted. Mr. Theriot continued that he is not sure what mechanism the council would want to implement. We have given what would happen in the event that entities are not compliant with the audit law under the current position for HB 1, we would have to wait until the council met. You would have to entertain whether or not the initial 90 days would be approved along with any additional extensions of time. Mr. Purpera pointed out that the previous language from HB 1 and 2 was also in Title 3972.1, so now the new language of HB 1 also conflicts with the language in Title 3972.1.

Senator Murray said he would suggest following the process as done previously. He said JLCB is meeting this Friday and we have a mechanism there to interpret the things included in House Bill 1 and we can try to fix that. Mr. Theriot said if you recall the last time was one where JLCB took up a resolution that provided legislative intent in terms of us performing the same. Mr. Theriot said if not done, he envisioned some confusion with having two lists out there – one in the previous mechanism and one with this new one, people would be confused all over the place, with one process regarding construction money and another for operating funds. Senator Murray said he suggests that he talks to the staff for the Joint Legislative Committee on the Budget because they are meeting on Friday and could possibly get that done on Friday. Mr. Theriot said they would provide what had been done in the past and Ms. Schaye has worked on it with her staff to determine what can be done.

Senator Gautreaux asked initially how many people have asked for extensions that the auditor was not able to grant because of this. Mr. Purpera pointed out agenda item #4 list. Senator Gautreaux said there are some that have not turned in their reports even though they requested the given extension dates. Senator Murray said Mr. Theriot was explaining the problem with the language in HB 1 and he believes they can correct it at JLCB to keep that process in place.

Mr. Purpera said there are three reports – the first report is for those extensions that have been requested for the first time, and under the current policy used in the past, the Legislative Auditor is allowed to grant those extensions and then come before the council for confirmation. (Attachment #1) Mr. Purpera said that for each one of these their staff has looked at and understands the circumstances and are recommending that each of these approvals be granted. Senator Murray said there are some on the lists with extension dates, for example Adapt, Inc., their extension date request was for 8/28/09 and this does not say the report has been received. Mr. Purpera said you will see several throughout. Senator Murray asked if they are approving the extension through 8/28/09, so if the entity wants additional time they will have to come back. Mr. Purpera said they have a process whereby the entities go to the LLA website and complete an application for extension and the entity determines the date they want to request and the auditor usually goes by that date. Senator Murray asked if the auditor is recommending that they approve these extension requests.

Mr. Theriot said as he explained earlier he grants the initial extension request up to 90 days, then it is brought before the council for reaffirming. So although it may already be passed, you are reaffirming what he had already done. Mr. Theriot said the entity may have missed the date that they requested which is when the entities come before you to present their case as to why they need the



additional time. Senator Nevers moved that they approve the extension requests for the non-emergency and with no objections the motion was approved.

Mr. Purpera said the next list is for additional non-emergency extension requests (Attachment #2) beyond the 90 days beginning with Caddo Parish Constable Ward 7, you will see in that situation the entity has original extension request of 6/30/09, but we have also received their report. Traditionally you would ask that each of these entities come before you to explain why they need additional time. Because for several of these entities we have already received their reports, so we did not invite them before you, it just makes sense. Also as in previous meeting those entities are Housing Authorities, the issue as to why they could not submit their reports on time had to do with receiving information from HUD, and it was HUD that was preventing them from doing that. Since that time HUD has made the information available but it has taken some time to get these reports in, so we also did not ask those housing authorities to come. We are fairly confident those reports will be received fairly shortly. The last two items on the list are Louisiana Beefmasters and the Village of Saline and we have asked those two entities to come. Senator Murray asked if there are any entities that have asked for extensions that are not on the list. Mr. Purpera said no sir, but you will see there are three entities on the bottom of the page that have been late on reports for a considerable amount of time. These have been separated out – Village of Cotton Valley, Louisiana Community Developers and Shreveport Home Mortgage Authority (SHMA), which you have heard from SHMA.

Senator Murray asked if anyone with Louisiana Beefmasters Marketing Group were present to speak, and no one answered. Representative Ligi said his office received a call on late Friday from the Mayor of the Village of Saline, and his instruction was to contact Chairman Ellington's office which he may have. Representative Ligi stated that he believed that Representative Ellington spoke with the Mayor of Saline, but not sure of the outcome. Senator Murray said while on the issue of subpoena, traditionally if they do not show up, we do not grant their extension request and they will have to come to a later meeting, unless the council wants to take some other action. Senator Murray said he would entertain a motion to approve all extension requests except for the Beefmasters Marketing Group and the Village of Saline. Senator Gautreaux asked if they had any prior history, for example on Bossier City, these are the ones that you did not receive their reports, and Homer and Logansport and Natchitoches Parish Housing Authority and Shreveport and also St. John the Baptist - do you have the prior history showing that their reports always being late. Ms. Joy Irwin, Director of Advisory Services Division with the Legislative Auditor, said she does not have that information with her today, but she could get that for him.

Senator Gautreaux said as we have talked about being consistent, and he understands that the Legislative Auditor did say that the information was provided on the Housing Authority, but it seems that 90% of the Housing Authorities have submitted their reports on time and there is 10% that still have not. In trying to say we must be consistent, and in his opinion he would vote to not approve the extensions simply because of the way we have handled this matter in the committee. He would object if there is a motion.

Senator Murray asked Senator Gautreaux if he was objecting to approving the Housing Authorities extension requests. Senator Gautreaux said that is correct for the ones that have not submitted their reports yet. Senator Murray said they could not prepare because HUD did not give them the information needed to complete the audits on time. Mr. Purpera said that this is just a few of the housing authorities, and there are many that have submitted their reports that are not on the list. In April or May, the auditor's office discovered that HUD was not able to provide certain information to these housing authority auditors.

Senator Gautreaux said that is fine, but there are some with requests to September 30<sup>th</sup>, and he has no problem approving those because that is the 90 day extension. But regarding the Housing Authority of Logansport, and we should have had their report by June 30, 2009, and whereas all the others due by June 30<sup>th</sup> submitted their reports, so he did not agree to approve the extensions for that particular entity because their extension date request was June 30, 2009. Even though we approve that, everyone else has submitted theirs since then, and we are past that date.

Ms. Irwin said that she made the decision not to ask those specific housing authorities to appear before the council today, because she knew of the difficulties with the HUD website and they are not here because we did not notify them. Senator Gautreaux said he would ask the next time that you would look at the dates, like 6/30/09 and we are already two months past the date and it should have been due, he did not think it should have been granted. He further stated they are not going to penalize the town because of a decision your office made, but he hopes to review this next time the council meets. Senator Gautreaux said it is important because everyone else seemed to have the due diligence to get their audits done, but yet one out of the group did not do it, and sometimes there may be a problem, which is understandable. He shared that coming from the Abbeville area he had seen problems with housing authorities there. Senator Gautreaux said he removed the objection because of that reason but said would appreciate more consideration of past dates.

Senator Murray said he would entertain a motion to approve the extension request for those agencies minus Louisiana Beefmaster and the Village of Saline. Senator Smith moved to approve those extensions and with no objections, the motion passed. Senator Murray asked Mr. Purpera to give the background on the Town of Cotton Valley, Louisiana Community Developers and Shreveport Home Mortgage Authority.

Mr. Purpera said that the Town of Cotton Valley has been late on their reports for the last five years and in the recent Bond Commission meeting Cotton Valley was discussed because they have not been meeting the reserve requirements on their USDA bonds. So the Legislative Auditor is referring this to the council, for their decision whether to grant an extension of time.

Mr. Purpera said with Louisiana Community Developers they have had some unique situations with them. It began as a review, which is less than an audit. However the auditor began to see issues and recommended to us that it be stepped up to an audit, and we are now requiring an audit from that entity. We are also coming to you later in the meeting to discuss that the Legislative Auditor's office has been refused certain records by Louisiana Community Developers. Regarding Shreveport Home Mortgage Authority, you understand that situation. We separated these three to highlight them and bring for your consideration.

Senator Murray said they have already heard from SHMA, and asked if any further questions for them. Senator Smith made a motion granting an extension of time for SHMA for the 2007 and 2008 audits, and with no objections, the extension request was approved. Senator Murray told Dr. Lester that he did not have to stay for the rest of the meeting.

### **Town of Cotton Valley**

Senator Murray asked Kathy Vines with the Town of Cotton Valley to come speak and explain to the council why the town has not complied with having the audits turned in on time for the past few years, and the problem as discussed at the bond commission meeting. Kathy Vines, Town Clerk with the Town of Cotton Valley, said they she had not been there long, starting in the latter part of October 2008. She had seen in the past that it was two to three years before having an audit done. When she started she hired Post and Ford, CPA firm in Shreveport to help get their books on the computer. She said they have all their books prepared, and a CPA was coming and should have their audit ready by September, and in the future everything should be done promptly on time.

Senator Murray asked if they have been in contact with the auditor's office. Ms. Irwin said she sent a team of advisors to Cotton Valley to give them assistance with preparing their budget because their budget had also not been prepared timely, and was continually monitoring the town. Representative Kleckley moved that they approve the extension request for the Town of Cotton Valley for their 2008 audit, and with no objections, it was approved.

### **Louisiana Community Developers**

Senator Murray said the last in this section is Louisiana Community Developers and Ms. Coleman is present to explain what is going on with the audit. Ms. Bertha Coleman, Executive Director of Louisiana Community Developers, stated it was the first she had heard of refusing of documents. She continued that they were effected by Gustav and unable to get the documents in a timely fashion because they could not get the information off the computers, so had to go to the banks and reconstruct everything. She said she had the same CPA for quite some time and her usual procedure was that the CPA would call asking for the report and Ms. Coleman would give her a binder including the bank statements, invoices and the checks. She would also give her a jump drive of her Quickbooks to do the reports. Same thing happened when she was notified on January 5<sup>th</sup> that it was time to do the report, of course it was after the fact but she still got the information. The CPA informed Ms. Coleman that it was not in the format that she needed, so she hired another CPA to put it in the format that she needed. We had different reasons for why it was not the way we wanted it. She suggested we get a new CPA or accountant to start from scratch and reconstruct their books, we did that. She was given the information and as of today, she has decided she no longer wants to do it. So we have hired and engaged with Bobby Howard, and he is ready to do the report.

Senator Murray asked if the auditor has approved the engagement of the new CPA. Ms. Irwin said she has not seen the new engagement of Bobby Howard. Senator Murray asked if there would be any problem. Ms. Irwin said she was not sure if he is on the approved list of CPA's. Ms. Coleman said he is on the list, and received an email saying that the auditor has it. Senator Murray told Ms. Coleman that the auditor's office has suggested that they have tried to get some documents, and have not been able to get them from you or the CPA. Ms. Coleman said this is the first she is hearing of this. Senator Murray said that Ms. Coleman has spoken to him several times and it is a big issue, and has spoken with Mr. Purpera as well, because a lot of students that work for you are trying to get



paid. Senator Murray said even though the extension request will not help you because we are already past July 31<sup>st</sup>, he asked if her CPA knows about when to expect to have the completed audit. Ms. Coleman said he has received all the information and sent the letter to the auditor that around the first week of September but it is in the engagement letter.

Representative Richmond asked Ms. Coleman if she could find out when the date is because if an extension is granted and it is the date you will live by, so you must be sure that it is reasonable. Ms. Coleman said she has the engagement letter with her stating that they anticipate the work will commence September 1<sup>st</sup> and the report issued no later than September 21<sup>st</sup>. Senator Murray said we are looking at September 30<sup>th</sup>, to keep the same date as for the other ones, and said he would encourage her to produce whatever documents you need to get for the auditor and for the CPA to make sure the audit is completed.

Senator Gautreaux asked what her organization provides for the state of Louisiana or the community of New Orleans. Ms. Coleman said they are a nonprofit organization which has been in effect since 2001 and do after school tutorials for kids in school, and also have summer camps in the summer, and they do freedom schools. Senator Gautreaux asked if she used certified teachers or just community volunteers in her tutorial program. Ms. Coleman said usually certified teachers that are in the schools, and being in New Orleans East, she has always used New Orleans East. Senator Gautreaux asked how much her total budget was that she received - if it was state funds or any federal funds. Ms. Coleman said she receives TANIF, once 21<sup>st</sup> century and then as a teen pregnancy program. Representative Richmond moved to approve the extension request for Louisiana Community Developers to September 30, 2009, and with no objections the motion was approved.

### **ACT 36 EXTENSION REQUESTS**

Mr. Purpera said the last page is actual extensions due to a declared disaster and there are a number of entities that have requested a first extension and we are recommending approval of those. (Attachment #3) Senator Murray noted that some of the entities show that the auditor has not received the reports, but the dates have already passed. Mr. Purpera said the entities have not requested a second extension. Senator Murray asked if Ms. Irwin advised these entities to not attend or is anyone present to tell when the audits will be done. Mr. Purpera said no one had been invited, traditionally on the first extension request we have always granted those and looked for your confirmation of those. Representative Richmond asked what emergency was there for the Ogden Museum of Southern Art. Ms. Irwin said she would have to go back to the database to see exactly what happened.

Senator Gautreaux said he could understand Calcasieu, Cameron Parishes for some of the ones, Grand Isles for hurricane problems, but do you have a specific reason for each one. For Calcasieu Parish Police Jury their report was received on time, but it goes back to the same thing I said, they are past the extension date now as we speak, do you know the reasons are for any of them. Senator Gautreaux said he would like to know why and we do not have in our packets why so it is hard to make a decision, but once again it goes back to some where due around 8/17 so they are 13 days past due or one is due 8/31 which we are past now, but you could have received that in the mail, is that correct. Senator Gautreaux asked if she told these not to be here. Ms. Irwin said that is correct for the first extension request the entities are not invited, and most are Gustav and Ike issues. Senator Nevers moved to grant approval for extension requests for agenda item #5, and with no objections, approval was given.

Senator Gautreaux asked what could be done as a committee but we are granting extension requests even though it is due August 17<sup>th</sup> which is past. He asked if there was any way to sort those out and they should become the second requests, so done all in one meeting and have those people come at the same time, grant a second extension if that is what they need versus having another meeting for it. I think it is counter productive when we look at it as a body that we see it is past the date, we are granting an extension, and I understand you granted the first extension for the ninety days, but some of these are past. If we can have that as a policy I think it would be advantageous to us and probably help get your reports done a lot quicker. Mr. Purpera said they can notify the entities that their extension request time is coming up and if they want to request a second extension they can do so, and add also in the future to your notes the specific reasons for the declared disaster.

### **RECOVERY SCHOOL DISTRICT**

Mr. Theriot said the Recovery School District (RSD) situation basically initiated primarily because of the reports about the payments for the school district on the buildings that were basically compromised of the Orleans Parish School System with RSD. As we began looking at the issue itself it became a lot of information unraveled but not a lot of answers to the questions. Mr. Theriot said he did have a conversation with Mr. Donelon regarding the issues and in the midst of preparing a request from him. Mr. Theriot continued that Mr. Donelon has a committee set up to review the type of

request that I am about to ask him for, let me go over that. RSD a number of years ago when it overtook Orleans Parish School System - all the property, had a use of the property. They have in turn sought out an AG opinion on whether or not they can insure their property. They in turn got an AG opinion that they felt gave them the ability to not only pay the insurance, which I do not necessarily have a disagreement with, but to go a little further. ORM, the Office of Risk Management actually insured those properties and my concern is there is no insurable interest for ORM to insure non-state property. There is about \$875 million dollars worth of RSD property that belongs to Orleans Parish, title will never transfer from Orleans to the State of Louisiana, has no ownership interest in it. ORM went out and found an excess carrier to the tune of \$150 million with a \$50 million deductible, so we are insuring \$875 million worth of property for \$150 million with the \$50 million deductible.

Mr. Theriot continued that when the federal government gave the money, and there is close to \$700 million worth of project worksheets of which close to \$400 million has been received by RSD in repairing and constructing schools that were damaged during Katrina. They need to provide insurability for those funds, so that the idea is the Feds would only pay one time for a particular disaster but there is a little phrase in there that says you can do so predicated on finding the insurance and affording the insurance, whatever that means. But basically the Department of Insurance, at least the Insurance Commissioner can issue a waiver, which the Commissioner can look at it and say you have exhausted all of those means, there is no ability for you to get that kind of insurance, so therefore you have done due diligence and what happens with that is that in the event of another catastrophic event or disaster then the Feds can then participate what is out there. The concern is that the state has about \$15 billion worth of property which ORM went out and got reinsurance or at least excess insurance of \$150 million of truly owned state property which is out there. But what happens is now we are looking at only \$300 million that the state was able to get but \$150 million was for non-state owned property. I do not know because of the lack of insurable interest as we see it, of whether or not, and the Commissioner has mentioned in my conversation with him, that these companies have gotten rather strict since 9/11 in looking at claims being made. He said in some cases where it has been held when they go for a claim in some cases where they claim the policies were null and void, they given back the individual entities the insurance premiums back and said you are on your own. So I think what we have right now as the state is concerned, and we do not have a waiver at this point from the Commissioner of Insurance in regards to RSD in terms of what is there. Now the Feds may very well look at this and say RSD this is a self insurance program and ORM, the state may be liable for the entire \$875 million of property of the Orleans Parish School System - that is non state owned property. In the past we did some research, the state has gone out when it is leased property, one of the properties we looked at was the building on Florida that the Department of Revenue had, that had its own insurance, the owner of that property had insurance. It may have incorporated the cost of the insurance into the lease but it had its own insurance. Our contention is if RSD had gone out to find an insurer to insure the property, and let's say for discussion purposes, all they could find was \$50 million, then they could have gone to the Department of Insurance and said they cannot get any more, maybe the Commission would have entertained a waiver specifically for that and then ORM could have gone out for this \$15 billion worth of property we have and gotten the \$300 million for purely state owned property and not non-state owned property.

Senator Murray stated that Mr. Theriot has raised this issue going back to when we first did the Recovery School District, and saying it for a long time. Senator Murray asked how much the Department of Education spent to secure the insurance. Mr. Theriot said in fact Superintendent Pastorek is here but he believes it was around \$12 million expended - \$10.9 million I am told. We met with Bud Thompson and they have segregated out from the insurance property that for RSD separately it went out and then took the rest of the state owned property and got that coverage. Again their contention was they took this homogeneous property from the school system. Mr. Theriot said well look, you could have separated those things, you could have gone into New Orleans for example in the same risk model and taken all the Universities and put all together - Nunez, Delgado, UNO and put all take all those properties the state had in New Orleans, but they still would have wound up with \$300 million worth of coverage for truly state owned property at that point, so at least we would have covered more than just a catastrophic incident, at least covered ordinary instances that the state would have incurred under maybe normal fires, or tornadoes or isolated type of instances to our state owned structures.

Senator Murray asked if he knows whether or not the RSD or the Department of Education gets reimbursed from the Charter Schools, whether there is a charter operating of schools for the insurance they are paying out. Mr. Theriot said he does not know that, but he does know right now the other issue that is on the table is that RSD when it negotiated with the Feds for those moneys to get reimbursed on these project worksheets, signed all the documents excluded from Orleans Parish School System, they were not included, did not sign off on that. My other concern on that at some point and time, five years, ten years, two years, twenty years from now, if that property, those schools are given back to Orleans Parish, they would have to have continued insurability. The Orleans Parish School District did not acquiesce to anything when they negotiated for those funds from the Feds which leads me to believe that potentially the state could be on the hook as long as those buildings

are in existence that they got those funds for insurability because they in fact executed all the documents necessary to get those excluding the true owners of the property. Again, from the legal standpoint they have the usufruct of the property and I think the statutes spells out what they can do with it, but again the problem being what happens in the future when they give those funds back, can RSD bind all these parish school systems – the true owners of the property for something that they did not acquiesce to, I do not have an answer for that question.

Senator Murray stated the buildings are supposed to go back at some point, I guess when RSD decides which schools will open and which ones they will not use, those properties are supposed to go back to the Orleans Parish School District. Mr. Theriot said supposedly, yes. Senator Murray asked if he would also like to discuss the audit included in the packet or leave that for another day. Mr. Theriot said that it strictly for information, at another meeting we can confine primarily to RSD and its operations. Mr. Theriot said we are currently getting ready to issue the newest audit, but again we are going to have conversations regarding the findings from that old audit. Senator Gautreaux asked when you do the new audit, we are going to compare what the first audit, which was an audit from '07, and when did we take over. Senator Murray said the statute was passed in 2005 to give most of the schools to RSD. Senator Gautreaux said he wanted to make sure that whatever we do, we are giving justice to give enough time for people to go in there and clean up the problems, so I would like to see both reports in comparison to what is being done now versus what was done then and what was written up. Senator Murray said when we did the RSD, the RSD did not inherit all those things going on with the school system, those issues were left to the Orleans Parish School District, they did not take all that with them, they started brand new without any debt, anything. Senator Gautreaux said they started brand new but with a lot of the same employees. Senator Murray said no, they did not. Senator Gautreaux asked if they hired their own employees. Senator Murray said yes, everything new.

Senator Nevers said the scenario that Mr. Theriot played out, puts the state in a situation that jeopardizes the possible funding of state buildings that would be destroyed by some catastrophic event. I guess the question is what are we doing to better position ourselves. Is that something that you are involved with the Department of Insurance or the Department of Education, whoever needs to be involved to try to position the state in a better situation than we are in today.

Mr. Theriot said as he mentioned earlier in his conversations with Commissioner Donelon, after we have gone about trying to obtain the facts of the situation as we know it today. The Commissioner has a committee set aside of individuals looking at particular waiver requests. Because it is one in which once it grants that waiver request, what he is telling the federal government is that any entity that makes the request for the waiver has to at least demonstrate the ability of having sought out insurance to cover at least that amount of money that the Feds have paid for damages sustained through a catastrophic event. If in fact they are able to demonstrate that, then he has the ability to grant the waiver of which the Feds will recognize so that in the event that another catastrophic event might occur, that if the insurance is not sufficient enough to cover the damages then the Feds again would participate because of that. Short of that the individual entity itself would be on the hook for whatever losses were incurred that were uninsured, as our understanding today is that #1 RSD – there is no waiver specifically for RSD that has been granted by the Department of Insurance and even with the states situation, and our concern is that some of the questions we have is the capacity for the state might be say the \$300 million that they got - \$150 and \$150. Could the Feds say 'you insured non state owned property of \$150, so you did not use the entire \$300 for the state owned property', would the state be exposed to that \$150. When you get down to RSD since it is not state owned property and there is no waiver that has been issued, would the state be exposed to the entire \$800+ million worth of property potentially if another catastrophic event occurs, or if any damages, even though isolated, might exceed the \$150 provided that the carrier who is carrying that insurance does not fight the fact that it is not truly state owned property, that the state did not have an insurable interest. I will tell you this, when you get down to insurable interest, is it taken strictly from the legal interpretation of the statute that was passed, or is it from the actual state dollars that might have been expended, as an example for lease holding improvements. I can understand an insurable interest if the state used some of its general fund to do the remodeling or build the school on the behalf, it is an interest in it because it was state dollars, but at the end of the day when it reverts back to the owner. The other example I know we had was the Office Facility Corporation, we insure those properties at ORM, but Office Facility shows the beneficiary is the State of Louisiana, so it has solid insurable interest in as much as that at some point of time, those properties revert back to the state. But again this is the first instance that we have that this is not state property.

Senator Nevers asked what action needs to be take to resolve this issue. I heard a lot this could happen, and do not know that it will happen, but I think to secure the interest of the state as much as possible, what do we need to do. Mr. Theriot said he would put together a request to Commissioner Donelon to review what is actually laid out and let him make a determination on what is covered and what is not covered and potentially at that point and time, I guess if the respective entity would make a request for the waiver, which I think is important in either case, if he rules that there is

an insurable interest and the state can really insure it, then on behalf of the state needs to at least maybe entertain asking for that waiver, so that in the event of another catastrophic incident there would be no discussion whether or not taxpayers would be exposed to the additional cost of rebuilding schools that it does not own, and the same thing with the state property to ask for the specific waiver.

Senator Nevers said because of the possibility of another catastrophic event shouldn't we move on that quickly, is there some action we should take to speed this up or is there something that we need to do to move this forward as quickly as possible, since we do not know what the future holds. Mr. Theriot said we have just got it to this process the last couple of weeks, and as soon as we have the last part of it within the last couple of days even, I want to put together that request to Commissioner Donelon and he assured me that he would review it with due haste so that we can get an answer and get some direction on what exposure the state may have. I agree with you the concern is the potential exposure and of course all that will only occur if the event of another incident and hopefully none of that will occur. Senator Nevers said we certainly hope not, but Mr. Chairman we should maybe go on record asking the Legislative Auditor to do whatever is necessary to position the state in this situation so it has the least exposure as possible. I won't make that a motion, but I just want to be sure that is in the record because I think it is imperative that we move quickly. But the amount that you mentioned, the \$10.9 million worth of insurance, I assume RSD is paying for insurance and I assume that is coming from the state general fund or through the Department of Education.

Mr. Theriot said he understands it is coming from the general fund through the Department of Education. Senator Nevers asked if that is only the insurance, and maybe Mr. Pastorek could answer this, but is that only the insurance for the RSD school district in Orleans Parish or does that cover any Recovery School District. Mr. Theriot said maybe at this time Mr. Thompson could answer the question about the package that was placed together. As I appreciate it from ORM was that it put together all the property that RSD had in a package that went out for that additional \$150 million worth of insurance and I believe, and not want to misquote, I think it is strictly the Orleans Parish schools and that is why the premium is attached to that. Senator Nevers asked if anyone was there that could answer that. Mr. Theriot said either Mr. Pastorek or Mr. Thompson. Senator Murray asked if anyone else had any questions and then requested Mr. Paul Pastorek, Superintendent of Education to come forward.

Mr. Pastorek said to respond to the last few questions, the moneys are coming from general funds. The buildings that are insured are the buildings that were taken over pursuant to one part of the law that was adopted in 2005, right after the storm - those schools that were taken over where the district was declared academically unacceptable. There are other schools that the state takes over, where the school is declared academically unacceptable, and in those cases those schools, the insurance is paid for by the district, so there is a distinction on the type of take over that we are talking about. This is the way the law was written and I can honestly confess I was not here at the time, so I do not really know the details of the whys and wherefores, but suffice to say that there are a number of schools in New Orleans that are covered by this ORM insurance. There are a small number of schools in New Orleans that are not. Then there are schools in Baton Rouge and Shreveport that are not - those schools' insurances are picked up by the district.

Senator Murray asked if the schools in the Orleans Parish school district still controls, none of those schools are covered by this. Mr. Pastorek said that is correct, none of the schools that are still under the jurisdiction of the Orleans Parish School Board are covered by any of the ORM insurance that we are talking about. Senator Murray said but the ORM insurance that we are talking about covers all the other schools in Orleans Parish - that the RSD has control over and jurisdiction. Mr. Pastorek said no, there are two types of schools that we have taken over in New Orleans - one where we took it over on a school by school basis which was actually prestorm. Those storms are insured by Orleans Parish School Board, those are what we refer to in the law that was adopted in November 2005. Senator Murray asked if that was a small number. Mr. Pastorek said it is a handful, four or five, and the larger number of schools are covered by the ORM insurance provided by the state. Senator Murray said to be clear, all the schools that RSD took over pursuant to this 2005 change, all of those schools are included in this ORM insurance. Mr. Pastorek said that is correct.

Senator Murray said he did not recall in the statute it gave all those schools to RSD for five years or a longer period of time. Mr. Pastorek said it could be a longer period of time, the way it is written is that a minimum of five years and then the State Board of Education has to make a decision whether or not to return the schools to the District and it could happen in five years, but it could be extended to a longer period of time.

Senator Murray said he knew the statute did not mandate a date, but at some point the RSD will know which schools it will use and which ones it will not, and those will revert back to the Orleans Parish School District. Mr. Pastorek said that is right and to clarify this, right now we do not have \$850 million worth of schools, I want to disagree slightly with the information Mr. Theriot represented.

I think what he is referring to we have about that much money in FEMA recovery that we will ultimately put into the construction of new schools, but we are in the early phases of a master plan to construct those schools, so hopefully on tomorrow we will be dedicating finally one of these brand new schools, but it will take us some time do to that. But what we have said in the master plan, Mr. Chairman, there are some properties that we were given the usufruct over it, that we do not have intent to use long term, so there will be a return of those properties just like you said.

Senator Murray asked if he knows when that decision will be made. Mr. Pastorek said he does not know, but they have been working very collaboratively with, in fact the master plan that we adopted is a joint master plan. Most of those properties are properties where buildings have been leveled, this is another important thing to understand here. Some of these properties that are insured, there is no building there, it is just a piece of ground now because the buildings have been demolished. Some of them the buildings are yet to be demolished, but will be demolished. So there are different kinds of properties we are talking about, they are not all brand new school buildings yet. We hope it will be and at some point in time you are right, Mr. Theriot, there will be \$850 million worth of buildings there, and we will have to address these. And I will say this, apparently before I came on board and when I first came on board Mr. Theriot and I had a discussion similar to this, and I think with yourself Mr. Chairman, discussing these issues, I know there are some legal opinions that have been rendered, I do not pretend to be knowledgeable about the law on this, though I may be a lawyer. That is for other people to decide, but at the end of the day we will work cooperatively with Mr. Theriot in making any request to the Commissioner and providing any information necessary to do that. I do not think we want the state to be exposed for anything it shouldn't be exposed for under the circumstance.

Senator Murray asked if any idea on when the decision will be made on returning some of the schools that you do not plan to use back to Orleans Parish School District. I know your master plan is done, is there a timetable on when you give those buildings back to the district because once you give them back they do not have to be insured by you anymore. Mr. Pastorek said that is right, but he would have to check on that because he was not familiar with it right off the top of his head, but he would go back and check.

Senator Murray said regarding the insurance that he is paying on the buildings, if the charter schools are operating there do they reimburse you a proportionate fee for their insurance or do you just cover their insurance for them. Mr. Pastorek said he believes that the policy presently is that they do not reimburse them for the cost of insurance. Senator Murray said he understands why he would have to do it for the schools that RSD is operating, but it seems that the charters should pay a portion of the insurance.

Mr. Pastorek said there are some policies we are looking at, especially to the new buildings, because we are now getting ready to put charters in some of the brand new buildings and there are some policies we are looking at, but have not adopted yet, with respect to maintenance and insurance and other things. Senator Murray asked if the school opening tomorrow will be a charter. Mr. Pastorek said yes, sir. Senator Murray said so this whole thing about we have gone and put the money in both these brand new schools, is there a requirement for the charter that they put so much money into maintenance to make sure that they properly maintain the buildings. Mr. Pastorek said there is a requirement but I think what we are looking at is more than a lease requirement, we have a lease with all the charters and there is a requirement for maintenance, but I think we are looking for a little bit more powerful as we go forward, more robust and that is why we are looking at that policy. Senator Murray said he hopes so because we are taking these dollars and building a brand new school and handing it over to a private group to operate and run and I just hope they do not get run down because they make a decision in terms of where the dollars go to try to earn a profit or do something else with these schools. So I hope we are able to have some real strong language to make sure the buildings are maintained. Mr. Pastorek said most of the charters that we have are nonprofit but still your point is correct and I do think we are considering funds in effect, not renovation but maintenance fund and maybe withholding some moneys, we are considering a number of different options in that regard to make sure that we maintain the integrity of these buildings. That did not happen in the past and we do not want to make the same mistake.

Senator Nevers asked to clarify if the buildings that were taken from Orleans when the system was declared in academic crisis, if we are paying the insurance on those. Mr. Pastorek said yes, that is right. Senator Nevers asked if those taken over under academic crisis prior to the system being taken over, they are paying the insurance. Mr. Pastorek said that is right. Senator Nevers said so in other areas of the state where we are taking over schools, the school districts themselves are paying for the insurance. Mr. Pastorek said that is correct. Senator Nevers asked if that is out of whatever funding they have available, whether it be MFP dollars or whether it be local generated funds. Mr. Pastorek said there is some cost reimbursement that we are giving to the districts, and I do not know as I sit here what the relationship is for insurance, but your statement is correct.

Senator Nevers said so basically because we take over a system, we are saying we will pay the insurance, but if we take over only part of your system, we are not going to pay for your insurance. Mr. Pastorek said that was a piece of legislation that was adopted by the legislature in 2005, that legislation has sunsetted as of this year, so that was a one time occurrence and there is no more possibility of that kind of takeover at least under the present law.

Senator Nevers said I guess if that law is sunsetted, should we be paying for insurance out of the general fund or should we pass legislation that I guess sets out what we think we should be paying if we take over school districts. In other words should we continue paying the insurance for Orleans Parish buildings out of the general fund of the state? Senator Murray said I understand where you are going and the reason I think we are there is because – and that was the reason I asked the Superintendent about why they will return the school buildings back to the district they are not going to use - the local district has no voice in whether or not these schools will open, they cannot make any decisions, the Recovery School District has control over them. So I do not think it is right to say that the Orleans Parish School District has to pay for these schools when they cannot decide what to do with them.

Senator Nevers said I agree with what you are saying Senator Murray, but I guess the same chicken and egg scenario is over in another school district where they just took over two school districts and they are having to pay the insurance and still have no control over the building because we have taken it over, but they pay the insurance on theirs. And so does Orleans, for those that were pre2005, so it seems we have a precedence that we set out that we might need to address legislatively or some way, unless all these schools go back to the school district within a certain period of time which we do not know that time frame.

Senator Murray said it goes back to when this statute first passed, Steve and I had the discussion with Jerry Jones way back then whether or not it was appropriate for the state to insure them, because they do not own the buildings. Senator Nevers said that has been an ongoing discussion and I hope that we can get to some solution for that. Mr. Pastorek said he can say in that regard, and again that was before my time, but I think that issue, the department then tried to address the issue of insurable interest and finding out whether or not it could be and I think from our lawyers perspective we do have an insurable interest in the property and I know maybe the solution to the concern because Mr. Theriot has raised a concern is to go the Insurance Commissioner or go to the Attorney General and ask the question, and get it resolved. But I think the other issue becomes the question of what is the responsibility of the state in doing certain of these things, and I think some decisions were made and I think good decisions were made at the time that we wanted to control the outcomes with respect to the reconstruction of these schools as we went forward and I think that was why the state took on that responsibility.

Senator Nevers said his last question, in reference to the charter schools across our state – well we have a charter that is in place, whether it is a for profit or a non profit, the school district is still forced to pay the insurance on the building. Mr. Pastorek said that is right. Senator Nevers asked as we evaluate the cost of operating a charter, do we associate those costs that the school districts paying toward the charter with the ultimate cost of educating the student. Mr. Pastorek said there is a remuneration that the charters must pay and the state must pay to the district to reimburse them for certain expenses and I think that has been set by legislative mandate and I think that is part of the calculus is cost of insurance and other such things. So I do not think they are paying for it and not getting anything in return, I think they are.

Senator Nevers said he guesses the argument from the school district that the state is not picking up the insurance is a legitimate one, that they are being treated differently than schools in Orleans Parish. Mr. Pastorek said I guess what I am saying there is a fee that is being paid to the school districts and that fee was set by the legislature this past legislative session and actually set a different one the previous session in order to address these types of expenses. Now how it addresses it, whether it is dollar for dollar or not, actually I think that was the subject of a lot of debate in the legislature, but I think it is being reimbursed to some degree or another, I just do not know the amount. Senator Nevers said that is a state wide assessment, it is up to a percentage level, but that applies in Orleans as well as Calcasieu, it does not allow one parish out and another one in, so it is fair statewide. I guess the districts that I am talking about that insurance is not being paid for.

Mr. Pastorek said in Baton Rouge for example, where we took over now 12 schools there is a fee that we are paying to Baton Rouge. Baton Rouge has to take up the insurance, but we have to pay a fee and so do the charters have to pay a fee, and that to a certain extent reimburses them, I just do not know to what extent. Senator Nevers asked if he understood what he was trying to say, and may not be clear, but the \$10.9 million that we are paying to the RSD, paying insurance for the Recovery School District is different than the way we treat the rest of the state. Mr. Pastorek said he agrees with him, that it is different. Senator Nevers said the argument that we hear, Senator Murray, is not saying that we should not be paying the \$10.9 million, but we want to be sure that we are being



fair statewide. Senator Murray said he thinks the point is the charter schools - for instance, there is a charter school operating in Shreveport and they have to pay their own insurance, I guess, or the local school district does. The charters that the RSD granted in Orleans Parish, RSD is paying the insurance - that is a cost they do not have to pay - that is the point you are making.

Mr. Pastorek said I think there are some policy discussions we could have about whether that is good or bad or how it should be done and I think there are some arguments that can be made. Senator Murray said he must bring up the issue of retiree's health insurance in Orleans Parish, I still get lots of phone calls - Congressmen Cao called and said he would try to talk with you. Mr. Pastorek said he met with him on Friday. Senator Murray asked if any ideas on how we can resolve that, because the retirees health insurance payments are almost criminal what we have done to them. Mr. Pastorek said first of all, he has spoke with a number of legislators as well as Congressmen Cao and others about this. I just learned about a new development that apparently is causing this level of concern to rise here in the last week or so. Mr. Pastorek stated that Patrick Dobard (DOE Deputy Director) of my staff is going to meet with a number of these folks so I can understand factually exactly what has happened. I think I understand what has happened and I think we have a little problem between Orleans Parish School Board and us and I have reached out to Orleans Parish School Board to talk to them, but before I do I want to make sure I get my facts straight. So we are meeting with the retirees that have raised this issue on Wednesday and I plan on speaking to the Orleans Parish School Board the following day and I am also going to provide some information to some legislators and yourself about what we think the issue is, but we are moving aggressively to try and address this issue. Senator Murray said that is really important.

Representative Richmond said as we talked about the school buildings, I am just trying to understand the process and let's use Drew Elementary as an example. Representative Richmond asked if the school board petitions you or BESE to use the building and then you all decide whether you will let them use the building that you are not using. Mr. Pastorek said he is not sure about Drew Elementary, but this is the way the process generally works. When we first took over the schools we had a certain number of buildings that we took over, and they had a certain number of buildings that they retained. They had like 20 and we have 105 or something like that. Over the course of time they needed extra space so we actually gave them under a lease three buildings, so they now have 3 buildings of ours. And what we asked them to do in return was to give us some seats in other buildings that they had if we needed it. And what has happened over the last couple of years, we finally found a place where we seem to be in stasis, where we have what we need, and they have what they need. But in the last couple of months a situation has developed where they have more kids in that school, so we have been negotiating with them over how we will get them some additional seats recognizing that they have some buildings themselves, and the question is how do we sort of balance this out. I think we have actually arrived at a resolution. I do not personally know this but I think in the last couple of weeks the RSD staff has met with them and worked out a resolution of this particular issue, but we do try to give them what they need when they need it, and we try to get what we need, and try to balance it.

Representative Richmond asked when can you provide what Senator Murray requested, now that the master plan is complete, a list of those buildings and land that you all have no intention of using or putting a charter school in. I guess my understanding is that you can give it to a charter without it going back to the public school. I thought the legislation had right of first refusal for the school board that you could not give it to a charter before offering it to the school board, but I guess I was mistaken about that. When can we get a list from you all of the buildings and land not in your master plan, and I would put it as phase one of your master plan because I would assume in the next couple of years, or I would hope that we will start reverting some of these schools back to the school board.

Mr. Pastorek said I do think you can tell right now that there are some properties that we are not planning on using. I will give you a good example, the Israel Augustine School, and there is a city entity if they can have that school, so what we have told Orleans Parish School Board for example is we are perfectly willing to give you back the school board and work out with the Indigent Defenders Group for the use of this property. So we are in the position to start doing that and there are a number of properties that we have said in the joint master plan where both parties OPSB and RSD have said these properties are expendable, so I think that there are some we can identify right now but frankly I did not come prepared to answer that today, but I think we can respond and I will get that to you.

Senator Murray said we get these questions all the time from constituents. You have to know which buildings you are not going to use, and the sooner we can get it back so the school district so they can make some decision of whether or not it will open a school or sell it, or do something else, because a lot of these neighborhoods are waiting for these things to happen, so people can make decisions about what they are going to do, so the sooner we can get that list the better.

Senator Smith said he appreciates the disparity in the insurance issue and is sure we will be able to get to that, his question is \$850 million in property, \$10.9 million premium seems a little high, asking if it is just assigned by risk management.

Mr. Pastorek said ORM purchases that and handles all that, and he has nothing to do with that premium or any of those numbers. Senator Smith said it seems to me we would really want to get rid of that as quickly as we can, why on earth would we want control of the building. Mr. Pastorek said he thinks some people thought it might be a better idea in the rebuilding of the schools to have different role play in how those schools were redone, but again this is what I am hearing after the fact, I was not here at the time and legislature made this decision for good reasons I assume.

Senator Smith said well I was here and I cannot tell you the reason, and not sure if I agree it was good, but it seems to me if we were buying a business or leasing it and there was a facility involved maybe we just lease or buy the business and lease the building. I think we could do it a lot cheaper than \$10.9 million. But to me we ought to be trying to get rid of these buildings and the liability that goes with it as quickly as possibly can.

Mr. Theriot said he wanted to tell them the \$ 10.9 million – the premium was not necessarily to cover the \$800 million, it was to cover the \$150 million worth of insurance that they have. My concern has been that there is close to \$700 million with the project worksheets from the Feds to rebuild the schools, of which maybe close to \$400 million has been drawn down so far. Now what has happened is this, when we signed all those documents to get those federal funds we agreed to insure those properties up to what the Feds have given us in cash for the rebuilding. There is a clause in there that says you need to do that, but if you cannot get it, if there is nowhere for you to go buy the insurance in the marketplace or it is unaffordable, then you need to at least demonstrate your due diligence to acquire that. That is why the Insurance Commissioner upon a request from an entity will review that exercise and determine whether or not they have exhausted it and if so, will grant them a waiver which gives them in the event of another catastrophic event that they have demonstrated their ability, so the Feds will participate again, any excess over the coverage, so the \$10.9 is that. But again our concern, Senator, has been that it is truly not state owned property. The state will never own this property, and at some point they will be reverted back to the entity. This case is Orleans Parish but it could be any other place in the state, when you do so, but at least if Orleans Parish or if you had a separate policy in a separate carrier at least someone could discern whether or not if all they could get was \$50 million or \$20 million, at least the Feds would participate again in the event of another catastrophic event were to occur, or at least loss is exceeded whatever the coverage was.

Senator Smith asked Mr. Theriot if we could meet that same obligation, maybe a different way. Mr. Theriot said he could not agree more, because what is happening is that the state's capacity which seems to be \$300 million is being used up partially for state owned property and non-state owned property. The obligation could be done where if the property that the school district had was done separately for Orleans Parish, in this case, where the majority of it is, and I am using it as an example. But if they went out to get their insurance, it may be done cheaper, I do not know, but remember this though, it is like any other risk model that an insurer takes the more you can spread your risk, obviously you have a chance for some bad and good, and in this case the area where all this property is located had flooded already, so I would assume from an insurance carrier standpoint it will be all bad, so I guess you would pay a higher premium for insurance. There is a \$50 million deductible that will have to be picked up by someone, which will probably be the state or ORM at that point until the \$150 million kicks in for this case. You have the \$10.9 million and is exacerbated by the fact you are paying the premium for the insurance plus you get the \$50 million deductible that has to be met before you can actually collect on the \$150 million.

Senator Smith said we still have a number of state buildings in Orleans as well, so the same applies to them. Mr. Theriot said as mentioned earlier for \$15 billion worth of state property, the state is covering that with \$150 million the same as covering the \$849 million. Senator Smith said he is not sure where we are going with this, but at some point are you prepared to give us in some validated document - a different process, or choice. Mr. Theriot said yes, sir, and I guess that choice is depending on once I put together the request to Commissioner Donelon to review what we have and let him take a look at whether or not RSD does have the insurable interest – whatever that comes out to be, then we will be able to make some recommendations to everyone in terms of which is the best way to secure the state's position. I think that is what we are all looking for is to make sure that we are in the best possible position to demonstrate that we have done our due diligence to cover ourselves so that in the event of another catastrophic event we will not preclude the Feds from participating in whatever recovery or rebuilding process that is necessary.

Senator Murray asked Mr. Pastorek who owns the school that is opening tomorrow. Mr. Pastorek said the naked ownership is owned by the Orleans Parish School Board and we have rights which are greater than, as I understand it, from a legal perspective over the use of the property by constitutional amendment and by law. Senator Murray asked what do you mean, you lost me there.

Mr. Pastorek said all I can say is this the right of alienation is the only right that I understand the Orleans Parish School Board has, so when you say who owns it - we own some aspects of it as a lawyer would say, we own the right to use it, the right to lease it, the right to do all these sorts of things, and Orleans Parish School Board owns the right to alienate. Senator Murray asked if the Orleans Parish School Board, under whatever arrangement there is, can it ever have full ownership of that building. Mr. Pastorek said he thinks so.

Senator Murray asked if simply by the RSD saying it goes back to them or is there something contractually that needs to happen. Mr. Pastorek said he honestly does not know the answer to that question, and he is not that familiar with the legal issues in the law. Senator Gautreaux asked Mr. Theriot to specify about the insurance part of it - if not flood insurance that they have, it is actually a liability policy with, like a homeowner's policy. Mr. Theriot said they also have flood insurance, ORM has purchased \$100 million. Senator Gautreaux asked if that was through the federal government at a standard rate. Mr. Theriot said yes. Senator Gautreaux said the question is what is the cost of the catastrophic or is that all lumped in together. Mr. Theriot said Bud Thompson is here and I really do not want to speak for him too much. I met with him and I think it is the \$10.9 but maybe he can address that more specifically. Senator Gautreaux asked if it is for \$850 million coverage. Senator Murray said \$150 million coverage with \$50 million deductible.

Bud Thompson, Director of the Office of Risk Management, said on the excess property insurance we provide an all risk, peril coverage form that includes almost all coverages except flood. Flood coverage for all other state buildings that are located in special hazard flood zones A and B, we purchase NFIP flood insurance for those. Senator Gautreaux asked the costs are for that area, and is that a group that is separate. Mr. Thompson said yes it is separate cost for that because coverage for each building is purchased for that. The NFIP flood runs about \$1.1 million and not sure what the total coverage is. We purchased the coverage on each individual building and NFIP maximums which are like a half million dollars for the building and a half million for the contents. Senator Gautreaux said he would like to know what each is, and how many buildings. Mr. Thompson said there are roughly between 400-500 buildings. Senator Gautreaux said that is almost \$20 million worth of buildings, and asked what the cost is for catastrophic. Mr. Thompson said roughly \$9.5 million. Senator Gautreaux asked for the total coverage. Mr. Thompson said \$150 million. Senator Gautreaux said that is a lot of money, we could almost self insure for that, since the majority of the damage everyone knows is done by flood, not by wind. Mr. Thompson said that is correct, but they are obligated to provide some wind coverage because there was some wind damage. Senator Gautreaux asked what company provides this insurance policy. Mr. Thompson said there are a number of companies that participate and that was awarded through bid and currently the current broker is Risk Services of Louisiana, and the current broker on the NFIP is Eustis Insurance. Senator Gautreaux asked on the NFIP if it is a set rate and not negotiated like these other things are probably. Mr. Thompson said that is correct.

Senator Murray asked who is the named beneficiary on the policy. Mr. Thompson said the named insured is the State of Louisiana. Senator Murray said so if something happens, it is not the Department of Education, just the state of Louisiana. Mr. Thompson said it is the State of Louisiana, Department of Education Recovery School District on that particular policy. Senator Murray said so the Orleans Parish School District is not listed at all. Mr. Thompson said no.

Representative Abramson asked Mr. Thompson if they are purchasing flood insurance on those schools that are not technically in the flood zone like B or others, since he only mentioned purchasing NFIP flood insurance for those schools that are in zones A and B. Mr. Thompson said that flood coverage would be covered under the excess property coverage. Representative Abramson asked if the excess all risk coverage provides flood coverage. Mr. Thompson said correct, for the non special flood hazard zones. Representative Abramson said he had never seen that before, and asked if it only provides for those or does it also provide excess coverage for those that are in flood zone that we have primary flood coverage for. Mr. Thompson said it provides for the ones that are not covered by NFIP only. Representative Abramson asked how much it covers them up to. Mr. Thompson said we have a \$100 million sublimit. Representative Abramson said for commercial properties it is normally \$500,000 under the NFIP, so is this different than what we have through NFIP for the ones that are in the flood zones. Mr. Thompson said yes. Representative Abramson said so we have a million dollars worth of flood coverage for those that are not in flood zones and half million dollars worth of flood coverage for those that are in flood zones. Mr. Thompson said actually on the excess policy it is formed following our self insured coverage document which references the actual standard NFIP flood coverage documents there. Representative Abramson asked what does that mean. Mr. Thompson said they would be treated similarly in the adjustment of the claim. Representative Abramson said he understands with the adjustment but the coverage levels are different. Mr. Thompson said yes. Representative Abramson asked if there was an itemized cost, because a lot of excess policies provide one lump sum and you get these various coverages. Representative Abramson asked are we paying an additional premium that can be broken out of the

overall premium we are paying for excess coverage that is attributed to this flood coverage. Mr. Thompson said no.

Senator Gautreaux asked when the RFP was developed what was the cost of the portion of the flood protection. He said for example, I do not live in a flood zone, but because I live on the river I decided to buy it because a hurricane comes down in Vermillion Parish, and you never know. I chose to buy maximum coverage of \$250,000, and my premium is \$250, not even 1%, .10%. Senator Gautreaux said that Representative Abramson talked about the cost of the flood portion in that other policy and it would be interesting to see that cost. He stated that the provider should be able to tell you that cost and compare that to you buying as a separate policy just from NFIP for those buildings even though not in a flood zone. It will be a cheaper rate and so for the \$1.1 million you have it will be a lot cheaper for those that are not in there, so it would be interesting to see that. You are telling me it would all be one lump sum, it has not been broken down as far as the policy goes. Mr. Thompson said no, we did not request for it to be. Senator Gautreaux asked if it would not have been prudent to request that in the RFP. Mr. Thompson said it is not an RFP- it is an invitation to bid. Senator Gautreaux said for an invitation to bid you set the components, and asked if they set the criteria renewal on an annual basis. Mr. Thompson said it is a three year bid. Senator Gautreaux asked when the bid was up. Mr. Thompson said the statewide excess coverage was just rebid in '09, and the RSD will come up next year in '10. Senator Gautreaux said we have a chance now to segregate it and I think that is what should be requested, that you segregate the charges. This is what I notice in government, we just seem to say we want to send it out but not segregate what is important components of it because they are telling you they are giving you excess coverage for flood. Senator Gautreaux said well I want to know what it costs because I may be able to buy that for 50% or 25% cheaper from elsewhere. They are probably buying it from National Flood Protection, I do not know how they do it, but I am sure that is what they are doing and probably marking it up some so we are paying on top of what we should be paying. Senator Gautreaux said he would suggest that and I do not know what committee the purview is, but I think we should request that because it is important to make sure that we spend taxpayer's dollars properly. The provider should be able to tell you what the component is because the rates they devise are based on I guess that particular coverage of happening. I am sure they have to have some kind of rate when they built up their bid or price for that model, so I would hope we can get that and that is how it needs to be done next time.

Senator Murray said we can put that on the agenda for our next meeting. Senator Gautreaux said he would like that and maybe include Risk Services of Louisiana, asking where they are located. Mr. Thompson answered Shreveport. Senator Gautreaux said that is good, and what companies are actually insuring us, and do you include in the RFP that they must be a certain level company and financially sound, since Risk Services is probably just managing it as the broker. Mr. Thompson said yes, they review all that and the companies include: Lexington Insurance Company, Lloyds of London, Westchester Insurance, Ironshore Reinsurance, Lancashire Insurance Company. Senator Gautreaux asked if they all take a portion of the risk, and show what is assigned risk for each one. Mr. Thompson said yes, and there is one other - National Fire and Marine, and each one takes a percentage. Senator Gautreaux asked what are the chances of representatives of these companies coming to one of our meetings. Mr. Thompson said he is sure they will be glad to. Senator Gautreaux said it would be interesting to at least ask questions.

Senator Murray asked Mr. Theriot if the audit portion of this would not be covered today because the next audit should be completed soon. Mr. Theriot said it will be completed and he wants to sit down with all of the council to review those things.

Mr. Thompson said he wanted to make one other clarification, after Hurricane Katrina and Rita back in 2006/ early 2007 the Office of Risk Management did make a certification request for all state entities with regards to the reasonableness of our meeting the attain and maintain requirements. The Commissioner of Insurance did issue a certification and then we forwarded that to GOHSEP to request a waiver from the district FEMA official. Senator Murray asked if the Commissioner issued a waiver. Mr. Thompson said the Commissioner issues a certification, and GOHSEP has to request a waiver from the FEMA district official manager. Senator Murray asked to clarify that Mr. Thompson requested a certification that stated that the insurance was not available. Mr. Thompson said we did everything reasonably to meet the attain and maintain requirements, because at that time we could only purchase \$150 million excess of \$50 million deductible, so we put that in a request to the Commissioner of Insurance, who reviewed that and issued a certification that said that was reasonable and then we forwarded that request to GOHSEP to submit to FEMA for a waiver. Senator Murray asked if they did that. Mr. Thompson said as far as I know - I am not sure whether that has ever been done or that a waiver has ever been issued. Senator Murray asked if he could find out if GOHSEP has. Mr. Thompson said we have continued to follow up on that and I think they were at one point waiting for all the public entities for the state at one time. Senator Murray said something should have happened by now.

Mr. Theriot said from his conversation with Commissioner Donelon, I think someone from the local state FEMA might have signed off on it. Our concern is how the RSD is treated in terms of state owned or non state owned property as to whether or not capacity for the state was used up, so that truly it could have been \$300 million as opposed to \$150 million the state would have gotten, but that is a different issue that he will address upon our request to make that clear. Mr. Theriot said I believe some state official from FEMA did approve it, but I do not think anyone from Washington signed off on it. Mr. Thompson said actually it is supposed to be the Regional Director to have the authority and I am not sure that was ever done. Senator Murray asked so if that waiver was granted we would not have to have insurance. Mr. Theriot said no, you do have to have insurance, but this stipulates the entity has exhausted whatever measures to try to acquire it either by affording it or finding it so that in the event of another catastrophic event the Feds would continue to participate in it. Mr. Thompson said that is correct.

Senator Gautreaux summarized by saying we pay \$10.9 million in a premium with a \$50 million deductible for \$150 million in coverage, so that means right off the bat \$60 million has to be expended by the state or Recovery District for a \$150 million of coverage- that is a joke. Mr. Thompson said he thinks that is unreasonable. Senator Gautreaux said thank you.

### **KATRINA COTTAGES UPDATE**

Patrick Goldsmith, Performance Audit Manager with Legislative Auditor's Office, said he would like to go over Agenda Item #7 which is the update of the estimated construction timeframe and a follow up from the March '09 Katrina Cottage Performance Audit. Please look at Exhibit 1 which goes over the estimated construction time frame. Roughly 500 cottages are supposed to be built, and this is as of August 18<sup>th</sup>, the most recent update from the LRA. If you look at Exhibit 2 and 3, those go over the previous time frames we presented to you. Exhibit 3 is the timeframe that was presented in the report which is from January. Exhibit 2 goes over the time frames from April 14<sup>th</sup> which was the last update that we provided to you. And we know the burning question is how many cottages have been completed and according to the LRA the far right column here shows that some of them have the ending of August as the completion date. If there is a mid August completion date, those cottages are about 99% complete, basically there is a punch list of items that they are trying to complete and until those are complete they cannot accept the properties. Now this is of course an update from the LRA, we have not done any analysis, but we do have members from the LRA and Cypress to answer any questions that you may have.

Senator Murray said to be clear you said Exhibit 1, in the far right column this will tell us which projects are complete or anticipated completion date. Looking at the first one that says New Orleans Area Jackson Barracks single family cottages and it says lots 1-20 complete August 13<sup>th</sup>, does that mean 20 separate units. Mr. Goldsmith said Wil Jacobs with the LRA is here and can probably answer these questions a lot better than I can. Wil Jacobs with Louisiana Recovery Authority said that Paul Rainwater had to step out for another engagement, but he will be back after 1:00 pm, but yes, that is 20 units.

Representative Abramson said the four year anniversary of Katrina is this Saturday, and is it fair to say that we do not have one person occupying any of these cottages as of today. Mr. Jacobs said correct. Representative Abramson said what seems like the good news, if there is some, is we have made considerable progress since we have started to look into this. I am looking at the different time frames and when we looked at the January 16, 2009, timeframe there was construction only going on one of the eight different locations and in April it was two, and now according to the timeframe we have been presented today construction is ongoing on five of the current eight locations. Mr. Jacobs said that is correct. Representative Abramson said from the information that I see and I understand some of the cottages should be entirely complete by next month and then some of them will be done in December and some done in either March or May of next year. Mr. Jacobs said correct. Representative Abramson asked if that is the ones that are currently under construction. Mr. Jacobs said correct, we will have completion of about 135 units or so through the first week in October, but the remainder that will be under construction expect to be completed through next year. Representative Abramson asked if the ones that will be completed in September will basically be Jackson Barracks and Hidden Cove. Mr. Jacobs said Jackson Barracks and Hidden Cove and some of Lake Charles. Representative Abramson stated that he saw the completion day for HANO Fischer Project in New Orleans to be January – March 2010.

Mr. Jacobs said correct, and it will be actually later than March. We expect units to be completed and occupied as they come on line but the initial January completion date was when we expected to be complete if we could have gotten construction started in June which did not happen, so we expect completion through March – May of next year. Representative Abramson said based on five sites that construction is currently going on we expect all of the cottages to be done no longer than May 2010. Mr. Jacobs said that is what we are expecting. Representative Abramson said it is my understanding the LRA got an extension from FEMA for the completion date, but in FEMA terms

the money has to be obligated, originally it was September 17, 2009, but we now have an extension to January 31, 2010. Mr. Jacobs said yes, and the money will be obligated before that time.

Representative Abramson said regarding the five sites that we are actually building and have some timelines for construction, those are moving. The three that we are not building on are the NORA sites in New Orleans, the Providence site in New Orleans, and the scattered sites in Lake Charles. Mr. Jacobs said there is an environmental issue with those three. For all of our sites we are required to receive a finding of no significant impact (FONSI) of the project on the site and FEMA issues that document. We have received that document for every single site that we have, however, for the infill sites we are required to provide an additional certification for the individual lots. That finding of no significant impact for the infill lots is basically in the form of a programmatic environmental assessment that basically says this program for Orleans Parish and Calcasieu Parish is okay to proceed. However, for each infill lot that we use in those projects we have to have an individual approval for those lots. They go out for each individual lot and do environmental and archeological assessments and that is taking much longer.

Representative Abramson said NORA turned over its list to the LRA in November of last year. Mr. Jacobs said that is correct. Representative Abramson said so here we are in August –10 months, and we do not have FONSI's or environmental assessments complete on the NORA sites. Mr. Jacobs said we have a FONSI, but not a final approval for the individual lots. Representative Abramson asked what is taking so long, when will it be done, and what are we going to do about it. Mr. Jacobs said it is a FEMA process, we have given them the lots, they are working through it, and we have another meeting with them this week to find out the status, but it is totally a FEMA process.

Representative Abramson said so this is a point the finger at FEMA. Mr. Jacobs said I am not attempting to point the finger at FEMA but that is where the process lies. Representative Abramson asked if that would be the same response for the Providence and the scattered Lake Charles sites. Mr. Jacobs said just to clarify - the environmental assessment that we have for Providence and the NORA sites are all one environmental assessment for Orleans Parish regardless of a partner. So yes it is basically, we have the Orleans approval but we are approving each individual lot and the same thing for Lake Charles.

Representative Abramson said this time frame chart that we are looking at has the NORA August 10, 2009, with an asterisk and for Providence August 10, 2009, with no asterisk, then for the scattered sites in Lake Charles it says April 6, 2009, with an asterisk. The bottom line is we have no idea of the time frame to get the final environmental assessments done for these scattered lots so that they can be turned over to the developer so that they can be built.

Mr. Jacobs said that is partly correct, what I can tell you is that for Lake Charles those lots should be available very soon. We know that there were not any issues with those, so we are going to get a determination of timeframe in this week. We know that for some of the Orleans sites, environmental issues, these are ready to be approved, they just have not approved them. We have already identified at least 35 lots that we know we will be able to build on and we are gearing up to do that. We just have not received an official document on that, and that is the timeline we are going to receive, as well as the timeline and expectation for all the rest of the lots.

Representative Abramson said looking at the NORA sites - there are 100 of them, are you saying there are problems on all 100 sites. Mr. Jacobs said no, we know that some of them are not going to be problematic and we know that some of them have already completed the process with FEMA and with State Historic Preservation Office (SHPO), so we know those are forthcoming, we just have not received the official document signed off on it. Representative Abramson asked what the problem is – FEMA? Mr. Jacobs said it is a FEMA process. Representative Abramson said so we now have a January 31, 2010, deadline from FEMA to obligate the funds, what are we going to do to ensure that the ones we have not started construction on, that those funds meet the criteria to be obligated so we do not lose the money.

Mr. Jacobs said he can tell him two things. First, we understand and FEMA understands that moving through this environmental process is of utmost importance and it is something that we are going to get through and we are pushing this to the top of the list for us and FEMA. Secondly, FEMA understands that we cannot execute this project until we get got these environmental processes underway, so we have a very good working relationship with FEMA and they understand where we are and they understand that they are assisting us in this and we do not think that the January 31<sup>st</sup> obligation will be that much of a problem. Either way we are going to have these environmental approvals done or we will have an extension.

Representative Abramson asked if he felt very confident that they would not lose any of this money. Mr. Jacobs said he feels very confident they will not lose any money. Representative Abramson asked during Mr. Jacobs next meeting with FEMA to try to resolve the infill lots. Mr.



Jacobs said they will meet on Wednesday at 1:30 p.m. Representative Abramson said with respect to the infill lots which are the NORA, Providence, and the Lake Charles scattered sites, are those intended to be modular units. Mr. Jacobs said yes; there are 25 with Providence that we had planned to build stick built construction, and that was going to be on a continuous site, and that is dependent on that site being approved.

Representative Abramson said so basically we are looking at 100 NORA sites, 60 Providence sites, and 46 Lakes Charles scattered sites which is 206 that are intended to be modular units. Mr. Jacobs said minus 25 from Providence, everything else outside of 25 of Providence's will be modular, correct. Representative Abramson said it is my understanding that there was a time ago that there was discussion between the LRA and one of our Louisiana manufacturing facilities in the St. Martinville area that was going to start building these and warehousing them, can you tell me was that done and how many. Mr. Jacobs said there are probably about 41 or so that are nearing completion and we will be able to place them primarily in Lake Charles very soon. Now we are gearing up to place another order for the remainder of units where we can place. That would be in Orleans, those that we know are going to be forthcoming soon, as well as Westwego.

Representative Abramson asked where LRA is placing the orders for the NORA and the Westwego sites. Mr. Jacobs said Louisiana System Built will get some of that business, that is the company you referred to, and Insite Builders is also going to be doing some of that. Representative Abramson asked if that has already been arranged or is that still a determination to be made by LRA.

Mr. Jacobs said the determination is given the lots what we build on them and we do make that determination from what units can fit on which sites when we have those sites. What we are trying to do is really to facilitate this is to understand what lots we have and understand that given a certain model that can go on any of these lots, we can start building those, but we really want to figure out given the units that we are going to build where they fit best.

Representative Abramson said the properties that we are waiting on and they were somewhat problematic are the infill lots that we are going to put modular units on, and to some extent we can be prepared when you get the clearance to actually start building, we do not have to then go back and start constructing them, they can perhaps be already in the process. He said my question is, what are we doing to plan so that when these properties finally become available to the developer of the modular house that is not already built is being planned, it takes about a week to build one of these.

Mr. Jacobs said it actually takes about one month once they are ramped up to build. Representative Abramson asked are we planning for that since do not have a month or longer lag time. Mr. Jacobs said he is exactly with him there and that is exactly what we are doing, we are trying to schedule those units that we know we are going to need at even before the official sign off so that those units can be under production and ready to build foundations when the final signatures are given for those lots.

Representative Abramson asked if the different entities that are partners on these sites, have there been cooperative endeavor agreements that have been signed between the LRA and all of the partners. Mr. Jacob said no, we still have cooperative endeavor agreements with some of the partners we have brought on since the last time that we met with you, and those will be for a small number of lots but those are in progress right now, and we have about four of those to do. Representative Abramson asked about Hidden Cove has there been a cooperative endeavor agreement signed with them. Mr. Jacobs said yes. Jackson Barracks? Yes. HANO & Fischer? Yes. Westwego? Yes. Representative Abramson asked about the Lake Charles Sixth Avenue site with Habitat? Mr. Jacobs said that is Habitat and Project Build A Future, and that cooperative endeavor fills both the infill and the group site - we just separated the projects. Representative Abramson asked about NORA and Providence. Mr. Jacobs said we will have to do Providence, it is still undergoing and we will have to do a revision of NORA's. That is really one of the problems with that neighborhood on where we are going to build with Providence.

Representative Abramson said let's talk about the occupancy plan, and obviously that will be once these are completed, and some of which will come on line as early as next month. He asked if they are prepared to actually put some people in the homes, and not just sitting there empty. Representative Abramson asked if LRA has developed an occupancy plan, and is it in place and where are we in identifying the people that are going to be occupying these.

Mr. Jacobs said what we do generally with all the partners is work with the partners and helping them to fulfill their goals of the organizations in line with the goals of this program, so when we agree to partner with a partner they bring on their selection criteria and how they want to occupy these units and we work with them in doing that. We have started with a call center and a selection process that FEMA has mandated to be random. What this program's challenge will be since it is primarily a home ownership program is that we will have to qualify homeowners between now and the time the

units are ready and that is the challenge. In that respect, not that we are trying to slow down the process, but the more time we have, the better we can qualify the homeowners to fit the needs and slots that are available.

Representative Abramson said let's take Jackson Barracks, and I realize that is a unique situation because military personnel will be put there. Mr. Jacobs said correct. Representative Abramson asked if the occupancy plan has already been put in place, have they identified who is going in there, because these lots will be ready to go next month. Mr. Jacobs said here is the situation with Jackson Barracks, and when I spoke of occupancy with the others I really was not speaking towards Jackson Barracks, because the National Guard plans to house individuals and households both Louisiana Guard, National Guard uniformed and non-uniformed personnel who were displaced by the storm. They will be living on site and the challenge will be to correctly choose those households that are ready to move given that some of them have families in school, and things of that sort. We also have a situation at Jackson Barracks that we are completing 59 units now but we still have the multi-family units that will be ongoing through January construction. When the National Guard is ready to safely put households in those units, we will work with them.

Representative Abramson said he has heard that they wanted to wait until the project was completed before they moved anyone in, but I did not understand if that was all of the single family cottages were ready or if waiting for the single and multi-family cottages. Mr. Jacobs said they are actually waiting on both, and they could decide that the way construction is ongoing, that they can place households in some of them and not all of them, because the carpet cottages -those are the multi-family units - are at either end of the site. They could say that but that has not been the indication at this point. Representative Abramson asked if that is a decision that they will make, and not an LRA decision. Mr. Jacobs said we are going to let the National Guard make that decision, it is their post and ultimately they have to look out for the welfare of their personnel, and FEMA is okay with them having this leeway to place them when the entire project is completed.

Representative Abramson said since Jackson Barracks is a little unique; looking at Hidden Cove those lots will be done in either September or October. Mr. Jacobs said yes. Representative Abramson asked if they have developed an occupancy plan, do they have a list of people when these lots are ready to be occupied they will be able to put them in there. Mr. Jacobs said they do have a list of 5,000 people who are eligible to be housed in those units. The Resource Foundation which is our partner at Hidden Cove has also been working with households who are on our list for some time now, so they have identified some households but the process of selecting through our process is ongoing right now, so they will have the list of names, their first take at this in mid September and what we are doing is taking 5,000 names at a time.

Representative Abramson said here is my obvious concern, these are built and sitting there and we are not going to have anyone in them for quite a period of time. He asked if will be in January of 2010 and there will be no one in any of these cottages even though they are finished. Mr. Jacobs said he does not think that will be the case, there is a possibility that some cottages may be empty because they have to sell them, or identify households that can rent to own, but we do have clauses in the agreement to have households in these 90 days after they are complete.

Representative Abramson said the last time we met there was not an occupancy plan established for any of these, are you telling me that there is now an occupancy plan where the local partners can start culling through people and identifying people to put in, the occupancy plan is in place for 5 of the 8 places that are currently under construction.

Mr. Jacobs said let's step back to clarify. Every partner that comes to the project has an occupancy plan that we agree on. What I think you are speaking of is the whole selection process. We have a uniform selection process whereby a call center is operated for all of the projects across the state whereby we send out letters to batches of potential applicants at one time, they receive the notification letter that this program is available, they then call the call center, and the call center makes a short call with them to help them determine their eligibility for the program. If it is deemed that they want to go forward with the program, they then will be sent an application.

Representative Abramson asked if the LRA has a written plan or protocol for these Katrina Cottages. Mr. Jacobs said it is ongoing, just about finished, and again this will not start until mid September. Representative Abramson said he is a little confused about whether it is ongoing or is it finished. He said first of all you must determine who is eligible and FEMA to some extent identified the criteria, and then we have to put a procedure in place to identify who those people are and to allow them to fill out forms or otherwise call in to qualify. Mr. Jacobs said we have that. Representative Abramson said so you can give me a written copy of the LRA occupancy plan which would include who's eligible and the process these people have to go through in order to determine whether or not they qualify and would be accepted for the program.

Mr. Jacobs said the written plan is just about complete, I can give you what we have right now, but I know it is not 100% complete. Representative Abramson asked if it is not complete, then how could you begin the process. Mr. Jacobs said because we know that partners have worked with eligible applicants and they are working with them now, because the meat of the process is the homeownership training. Representative Abramson asked what part is not complete. Mr. Jacobs said it is the actual apparatus, everything being written down on paper on how this is going to operate. Representative Abramson asked why it is not complete. Mr. Jacobs said it is in progress, and we have been working on it, and let me just tell you sir, we have been working on this for a while. We finally got our partner who is working on the call center online, so it not as if we have been working on it for years, we just gotten online with this about a month or so. We have a September 21<sup>st</sup> deadline to have the letters out.

Representative Abramson said I am still confused as to why this written protocol is not done. Mr. Jacobs said because we needed our partner to help us to write it. Representative Abramson asked which partner they are talking about. Mr. Jacobs said the Resource Foundation. Representative Abramson asked if that is the partner in Hidden Cove. Mr. Jacobs said they are a partner but they are also handling the call center for the entire project, since we do not have the personnel internally to do that. Representative Abramson asked when will I be able to see a final written product. Mr. Jacobs said before September 21st, but I can give you a draft right now, but I am not certain when that actual document will be complete, it is probably very close to being complete right now.

Representative Abramson asked has it or does it need to be approved by FEMA. Mr. Jacobs said no - they are working with us as we go along and what they are doing is just making sure that it is compliant with what they are expecting but there is no formal approval process. Mr. Abramson asked if LRA expects to run it by FEMA to make sure that they are satisfied with it. Mr. Jacobs said they have been running it by them every step of the way, just as everything we do in the program we run it by FEMA. Representative Abramson asked if September 21, 2009, is your internal deadline to get this done. Mr. Jacobs said it is the internal deadline that we have established given what we have to do, correct.

Representative Abramson said let's talk about the project as a whole, we call it the Katrina Cottages but this was intended to be by the federal government an alternative housing pilot project which was supposed to be an alternative to the FEMA trailers. The FEMA trailers were probably a disaster in many respects. A lot of people got some housing that they needed, but I think at the end of the day, it was not the temporary housing that people expected, particularly because they lasted so long and did not really accomplish its goal. My understanding is that this particular project was for the federal government to see what could be done differently if we had a catastrophic event where so many people needed temporary housing. Mr. Jacobs said correct. Representative Abramson said so they came up with a plan or proposal that was sent to the state, and the state developed different concepts or ideas, which we submitted a number of them, and this is the one the federal government selected.

Mr. Jacobs said just a little correction, what FEMA did was announce this program, they asked the states to come up with proposals. It was a 3 week process when FEMA asked for these applications. The way Louisiana came up with proposals was presented a request for proposal through which a number of applicants applied with ideas and projects, and there were at least 22 that had complete proposals. Then the state through an independent search committee chose 6 of these to include in an application, so these were not developed by the state, they were solicited by the state. Then the state sent the six proposals to FEMA and FEMA's panel chose one of them for the state of Louisiana.

Representative Abramson said the point is that this was supposed to be a pilot program or a test to determine if we have another Hurricane Katrina there is an alternative to what we did last time, which was provide people FEMA trailers as a temporary housing. Basically trying if something else would work and the idea that we are testing is Katrina Cottages in the format we are discussing here. And here we are 4 years post Katrina, it does not appear to me that the pilot program has been very successful because there is no way that people could wait 4 years, or even 2 or 3 years to get a Katrina Cottage if we had a disaster tomorrow. What is LRA's position? Something in my opinion has gone wrong, it has not worked and it will be nice that we actually get these Katrina Cottages built so that people have roofs over their heads, because there has been a housing need for quite some time, and the last thing we want to do is lose \$ 74.5 million of federal money. But clearly when you go back to the original intent of this program, it has been another disaster because if hurricane Katrina happened again tomorrow, this is not a process or program that has worked.

Mr. Jacobs said you are right, the pilot was not the process we are undertaking, the pilot was the units we are actually building in the way these units will be developed in group sites, so our process is not the pilot that we are testing, the pilot is testing the product.

Senator Murray said he has listened to a lot of this, Mr. Abramson has been on this thing, and I have been talking to you about this going back to the last term. I just do not understand, and he is right, it has taken way too long and you have changed processes along the way and all kinds of stuff, changed the designed because supposed to be real small, and it changed. It was supposed to be emergency housing, but the emergency apparently did not reach someone's desk, so you all changed the process and decided to build a bigger piece of property since the emergency was over. So do not sit there and pretend like this has been a model project, it has taken way too long.

Representative Abramson said the bottom line is we can point the fingers today - we could have pointed fingers last time. My goal right now is to get these things done, not lose the money, and put roofs over peoples' heads. My second point is if we had another disastrous hurricane this is not the answer. Hopefully the cottage itself is a good product and could be the answer, but I know the process is not the answer because to wait probably at least 4 ½ years before someone is put in one of these is the problem. I think we as a state and LRA needs to reflect back and use this as a teaching tool to say if this particular product is a good one we need to figure out what is going wrong with this process to get these products built so that if Katrina were to happen again we are prepared because this particular process has not worked. I think at the end of the day when we finish this and we get roofs over peoples' heads, we need to step back and figure out what we can do differently if we are happy with the product to make sure the process works better so if we are in this need again, we have a better solution. Representative Abramson thanked Mr. Jacobs for coming to testify.

Senator Murray said to add this, Mr. Abramson asked about the occupancy rate, and you talked about identifying people to purchase the homes, I might suggest so you do not have to reinvent the wheel, the home mortgage authority has gotten a lot of people who were qualified to purchase homes. They have been through all the training and apparently the city decided to spend the money on something else, so there is a pool of people already out there, so you do not need to reinvent the wheel.

Mr. Jacobs said to comment on that, we are right with you. The issue that we have is that FEMA is expecting this to be a random process, and the reality of this situation is because we want to house people as soon as possible as does FEMA, we have to look at the qualified list. We have 40,000 households on a list and we know who is eligible, and we want to match those with the households that have already gone through the process and that will expedite it. Senator Murray said I just hope you will do that instead of starting from scratch.

Representative Richmond said I think my colleague Mr. Abramson covered most of it, but how much has the total cost of the program been. Mr. Jacobs said the total grant was \$74.5 million. Representative Richmond asked how much will be spent. Mr. Jacobs said we will spend all of it and some of it is not building, some is for administration, insurance costs, operating costs for the units.

Representative Richmond said by my math if we are talking about 500 or 502 units, you are talking somewhere around \$148,000 per unit at the end of the day. Mr. Jacobs said no, did you make that calculation from the \$74 million. Representative Richmond said yes. Mr. Jacobs said it would be if you just divided the \$74 million, but not all of the \$74 million will go to building. Representative Richmond said he agrees with that, but the overall program if we had to give it a per unit calculation would put it there, and I guess looking at what Mississippi was able to do in terms of speed, if you all have to make a recommendation to FEMA about how to quickly ramp up housing after a storm again, what would be your recommendation.

Mr. Jacobs said my recommendation would be, yes, use this program but use in a modular fashion because I think these units, particularly the modular units can be done quickly and to high quality, and I would also say that what Mississippi did was certainly a fine project for interim housing. I think if you were looking for something quick, long term, I think a product what we are building in this program is certainly something that can be built and placed on someone's home site quickly. Now the issue that I see again, like everything we have seen in this recovery is having sufficient flexibility to pursue a program. If we are saddled with the same types of environmental procedures and other things we have had to do in this program, it won't be quick, but that is my recommendation.

Representative Richmond said if we have a storm that hits somewhere in South Louisiana we should have an idea of where we have parcels of land that we could probably use to build infrastructure in. I assume that we can have some preliminary environmental stuff done ahead of time. I guess my major point is – are we taking anything from the program so that if a storm hits, we can use in a modular fashion, quickly get the infrastructure in and the units built and placed somewhere.

Mr. Jacobs said I would say that we are not, but I would say to you as legislators that is something that the state would want to undertake and to create projects that might do exactly that objective. Now what we had done previously, as we looked at the Renaissance Village, the

leadership in Baker was definitely agreeable to have a staging site that could be built beforehand, and that is the key. We would have to find places and communities where this kind of project would be accepted and that would have to be done ahead of time. Now again I do see that if we had households who needed a new home that infill certainly could be done, but without preplanning and with the environmental regulations we had it would be difficult. But preplanning for disaster recovery is the right way to go, and as a matter of fact, a state like Texas has already put out an RFP for exactly this type of housing, but temporary all the same. Representative Richmond asked if a storm hits next time, could you just not spend the \$148,000, and give me \$20,000 and let me go to Lowe's and buy a Katrina cottage, I will find the site. Senator Murray said this was supposed to be an emergency, they just did not know about it.

Senator Gautreaux asked what percentage of the \$74.5 million is administrative cost and other expenses. Mr. Jacobs said it is going to be probably \$10 million, and that is an estimate including any salaries, our case management funds, and call center operations, insurance on any units for a two year period for now through September 16, 2011. Senator Gautreaux asked if they are managing cases that are not built. Mr. Jacobs said that basically means processing the applicants. Senator Gautreaux asked how many applicants they have right now. Mr. Jacobs said potential applicants are all they have right now, and it is 40,000. Senator Gautreaux asked what is the majority breakdown according to Katrina and Rita. Mr. Jacobs said he would suspect that most are Katrina, but what we have done is... Senator Gautreaux asked how many homes in the Katrina areas are available. Mr. Jacobs said all but the 80 or so in Lake Charles. Senator Gautreaux asked how many applicants for the ones in Lake Charles. Mr. Jacobs said there are 1,500 eligible applicants in Lake Charles. Senator Gautreaux asked the criteria. Mr. Jacobs said that they were impacted by Katrina or Rita and that they are from the five parish area surrounding Lake Charles. Senator Gautreaux asked what the five parish area includes. Mr. Jacobs said Calcasieu, Cameron, Allen, Jefferson Davis, and... Senator Gautreaux asked if Vermillion Parish was included. Mr. Jacob said he does not think Vermillion is included. Senator Gautreaux said we have all talked about how the process is wrong. Have we identified and streamlined the process, so that if it does happen again, will we be able to expedite this, because everyone is saying it is taking too long. Do we know now that it won't take long, because you know we do have a manufacturer from the Acadiana area that could produce a home like that on an assembly line. A basic home to withstand up to 160 mile per hour winds, you have seen it, and I think they are actually building some of these, as a model home for Jackson Barracks. Mr. Jacobs said that is correct. Senator Gautreaux asked if they have come up with a process. Mr. Jacobs said again, this project was a pilot on the actual units, not on the next storm. Senator Gautreaux said it is on building the units and the whole process, so once again I am going to say if it is a congressional problem, has our congressmen been notified of what needs to be streamlined so if it does happen again you know where the money needs to go. For example HUD and the federal government loans money on homes, but they never require these environmental, but all of a sudden they require environmental for these.

Mr. Jacobs said we are looking at all of these things, and certainly as I have suggested, I have recommendations to use these modular units that can be easily constructed and placed, that is easy to do, so that is something certainly we are recommending. Senator Gautreaux said we can get them built and paid for and processed quickly, and I think you can talk to our congressional and senators and representatives to get rid of the environmental restraints from the government. Mr. Jacobs said quite frankly I cannot speak to that FEMA process that goes on during emergency. Senator Murray said we are asking you very simply, if something happened again and had a disaster what can you all take away from this process to tell the Feds- it ought to be A,B,C, or D.

Senator Gautreaux said with the 10% spent on administrative cost and I can reassure you, that you have enough resources with the LRA and the whole group to put brains and thoughts together to come up with a simplified solution to present to the federal government or to the state itself- us, legislators this needs to be streamlined to get this done, and this are the problems we run into. If you have not been keeping track of that, then shame on you because I am going to request that information. Mr. Jacobs said we certainly have that in mind, but this appropriation is not a typical FEMA appropriation, it is under totally different rules so I cannot speak to precisely how that would be undertaken. I know what we need to do. Senator Murray asked him prepare that and get that to us, that is all he is asking for. Senator Gautreaux said at the end of the day all I want is the streamlined process, that is what we need to know and I think our congressional delegation would like to know that.

Mr. Jacobs said as you mentioned, this program did have a lot of administrative and FEMA will certainly look at all of these. Senator Gautreaux said there would not be administrative if you simplify the process and now you know where to go to get it done. Administrative costs could be for building homes instead, and I think that was what Mr. Richmond was after too, you may only have to oversee it for a year because you know it will be done, and not four years of cost involved in it, I am still amazed after four years.

Senator Smith said that he recently read that the Road Home money, the \$10 billion and the \$3 billion in special projects, whatever that happened to be, there is a possibility that some of that unspent portion. I think they quoted Mr. Rainwater in the article, and he is not here, but up to \$600 million of that might be used for those property owners who have either exhausted their insurance, did not have any insurance, or exhausted their personal moneys to use on the construction of their homes. Is that a viable situation? Also of the 34 Katrina cottages in Calcasieu that are currently under construction, do those applicants for those cottages qualify for Road Home money. Can that \$600 million also be used for Katrina cottages as well? Just talk about the unspent portion of that money.

Mr. Jacobs said I just want to say that that is not an area that I work on every day, but I can tell you what I do know. That \$3 billion that you speak of was the third appropriation of disaster recovery funds - CDBG funds that the state received from the federal government. And that \$3 billion was pledged to fill the holes in the Road Home budget back in 2008 when the state realized that there might be a Road Home shortfall. As time went by a number of those Road Home applications and the state got a better picture of what the shortfall, or lack of a shortfall would be and determined that there was likely some funds left over after we filled all the needs of the Road Home Program as it was established. Under the terms of that appropriation only housing needs through the Road Home were to be served. Senator Murray said that Mr. Rainwater arrived, so Senator Smith repeated his question to Mr. Rainwater.

Mr. Rainwater, Executive Director of Louisiana Recovery Authority, said the \$600 million that we are talking about, we had made a decision that we would use \$650 million for individual litigation measures out of the Road Home Program. So we were looking and did not think we would have that many folks reapply for that Program, although I think we will probably spend a couple hundred million, but I got plenty of money, so I moved it over to the hazard mitigation pot, so it freed up some dollar. We are looking at some analysis of costs from St. Bernard all the way to Cameron and Calcasieu, everywhere impacted by the storms. We are seeing about 20,000 – 30,000 folks that are low to moderate income, this could be \$42,000 for family of four or could be firemen or policemen, or retired school teachers, could be a whole number of folks. The reality of this there is a gap there, we all know that between your insurance and Road Home, a lot of folks just did not have enough money to complete construction. So the idea is to help them do that, in a very simple way what I have tried to do is wherever I could is simplify things and formulas and just send dollars out. What we have talked about doing, there are some other dollars, not in this pot, but what Wil (Jacobs) and I have talked about, and our staff, is leveraging some of our small rental money and some homeownership programs we have started and add some additional dollars to that to help people buy Katrina Cottages basically, that would be one way to do that. We are just getting to that conversation because now at the point of having it completed, and I think Wil went through the numbers with you, but that is a possibility and it is not a pie in the sky, because we are doing that in other places. The challenge we have had is obviously we are getting to the point of needing to have the conversation because we did not have any cottages built, but we are making some progress now. We can take a look of that, and it is real.

Senator Murray said that was the last question Mr. Rainwater, you have missed the rest, and the conversations about this taking too long. Mr. Rainwater said no disagreement on that at all.

Patrick Goldsmith said he would like to add one thing. We have talked about a lot about ways to improve the process and I think we have laid some of the groundwork for that in the performance audit report that we issued in March. This council had asked us to find out what was going on and to do a status, and in doing that we looked at what happened from December 2006 to December 2008. We laid out a lot of what happened during that timeframe, so I think that is something that the LRA could use to talk about lessons learned. We did not have any specific recommendations, but it is definitely a foundation for what you are talking about.

Mr. Rainwater said I will tell you that this process makes us better and I have no problem at all, the audits that occurred. We worked very closely with Patrick and the whole team on all our programs and the reality of it is that every time they do a study or do another audit it forces us to look at ourselves and say okay what can we do better. Senator Murray said that is good to hear, and several questions of committee members commented they are not happy with the process but having gone through it, if a disaster were to happen again do you now have a playbook to move this much faster. Mr. Rainwater said absolutely.

## **EXECUTIVE SESSION**

Senator Gautreaux moved to go into Executive Session to discuss a personnel issue with the agency North St. Antoine Service. With no objection, the council went into Executive Session at approximately 1:30 p.m. Senator Murray declared the public meeting back in session at 1:40 p.m.



**NORTH ST. ANTOINE SERVICE INC.**

Senator Murray said that the last item on the agenda, North St. Antoine Service Inc. was requested by Representative Hardy. Representative Hardy could not come because his father was ill so he asked that we not take it up today. Therefore we will skip this item today, and if Mr. Hardy wants to, we will put it on the agenda for a future meeting.

**OTHER BUSINESS**

Senator Nevers suggested that the Audit Advisory Council consider meeting in New Orleans when we take up the audit of the RSD school district. It would be appropriate so that those people can be there, and we can ask questions and look at whatever necessary, and I think it would be good to talk about it in that region. Senator Murray said I think that is a great idea, we have not been back there for a couple years. We could have been meeting there about the school system, I think it would be a great suggestion and I will pass that on to Representative Ellington. We will get a place and pick a date.

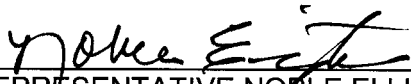
Representative Richmond said that he thinks it is a great idea and one thing we may want to request that the RSD or BESE meet there before us because those parents do not get an opportunity to go to a school board meeting or anything else to voice their concerns and if we are the first ones there then our meeting will quickly become the BESE meeting which should occur down there. I think we would get an influx of people with various concerns that are not audit related which I do not mind hearing, but I think we should encourage BESE to also meet down there. The parents have never had an opportunity to talk to the people running the school and will assume that it is us if we are the first ones. Senator Murray said he is right. BESE is essentially the school board for RSD and the members of the public, parents and business folks - no one has an opportunity unless they can drive to Baton Rouge for a BESE meeting to have anything to say about what is going on in the Recovery School District. And I will do what I can and get Representative Ellington to try to encourage BESE to have a meeting. I have tried to get them to do that many times over but we cannot force them to do so. But I do think it would be a good idea to meet there when this audit comes out, we will have two years worth of this stuff and RSD has been doing stuff, so the idea about that track record and what kind of job they are actually doing especially on the finance side, where those dollars are going. So I will pass that on to Representative Ellington to try to get BESE to meet before we do.


**ADJOURNMENT**


There being no further business, a motion was made by Senator Nevers that the meeting adjourn at 1:55 p.m. The motion passed without objection.

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APPROVED BY:

  
\_\_\_\_\_  
REPRESENTATIVE NOBLE ELLINGTON  
CHAIRMAN

  
\_\_\_\_\_  
STEVE J. THERIOT  
SECRETARY

  
\_\_\_\_\_  
DATE

## First Extension Requests--Louisiana Revised Statute 39:72.1 (Non-emergency)

Agencies requesting extensions for the first time under Louisiana Revised Statute 39:72.1. This law allows an entity to request an extension of time in which to submit its report. Per the procedures approved by the Legislative Audit Advisory Council, we request that LAAC confirm our approval of these extension requests.

Updated  
through  
8/18/2009

Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Add'l extension requested
7402	Adapt, Inc.	12/31/2008	6/30/2009	8/28/2009		
6113	African-American Multi-Cultural Tourism Commission	12/31/2008	6/30/2009	9/30/2009		
10182	Allen Parish Industrial District No. 5	12/31/2008	6/30/2009	9/18/2009		
2570	Allen Parish Recreation District No. 3	12/31/2008	3/31/2009	5/29/2009	X	
5914	Arts Council of New Orleans	12/31/2008	6/30/2009	9/25/2009		
1209	ASSIST Agency, Inc.	12/31/2008	6/30/2009	8/31/2009		
5013	Beauregard Parish Waterworks District No. 3	12/31/2008	6/30/2009	9/30/2009		
7332	Big Buddy Program	12/31/2008	6/30/2009	8/31/2009	X	
10196	B&B of Marion, LLC	12/31/2008	6/30/2009	9/30/2009		
6367	Caddo Parish Constable Ward 7	12/31/2008	3/31/2009	6/30/2009		X
9568	Caddo Parish Fire Protection District No. 8	12/31/2008	6/30/2009	7/31/2009		
9196	Caddo Parish Juvenile Court	12/31/2008	6/30/2009	9/30/2009		
5905	Corporation	12/31/2008	6/30/2009	9/30/2009		
2502	Caldwell Parish Police Jury	12/31/2008	6/30/2009	7/31/2009	X	
6218	Camp Fire USA - Big River Council	12/31/2008	6/30/2009	9/30/2009		
1553	Catahoula Parish Hospital Service District No. 2	12/31/2008	6/30/2009	9/30/2009		
2163	City of Bogalusa	12/31/2008	6/30/2009	8/21/2009		
2254	City of Grambling	12/31/2008	6/30/2009	9/30/2009		
2185	City of Mansfield	12/31/2008	6/30/2009	9/30/2009		
7428	City Place II Housing Corporation	9/30/2008	3/31/2009	6/30/2009	X	
6208	Claiborne Boys & Girls Club, Inc.	12/31/2008	6/30/2009	8/31/2009		
10011	Community Foundation of Acadiana	12/31/2008	6/30/2009	7/24/2009	X	
6228	Community Renewal International, Inc.	12/31/2008	6/30/2009	9/30/2009		
1003	Concordia Parish Airport Authority	12/31/2008	6/30/2009	8/14/2009	X	
9711	Concordia Parish Communications District	12/31/2008	6/30/2009	8/14/2009		
9479	Concordia Parish Fire Protection District No. 2	12/31/2008	6/30/2009	8/14/2009		
9179	Concordia Parish Sewerage District No. 1	12/31/2008	6/30/2009	8/14/2009		
8782	Desire Community Housing Corporation	12/31/2008	6/30/2009	9/30/2009		
2507	DeSoto Parish Police Jury	12/31/2008	6/30/2009	9/30/2009		
1343	District Attorney for the 20th Judicial District	12/31/2008	6/30/2009	7/15/2009	X	
4211	Dryades Young Men's Christian Association	12/31/2008	6/30/2009	7/30/2009	X	
2510	East Feliciana Parish Police Jury	12/31/2008	6/30/2009	7/31/2009	X	
9767	Family Service of Greater Baton Rouge	12/31/2008	6/30/2009	9/25/2009		
9673	Fire Protection District No. 5 of Catahoula Parish	12/31/2008	6/30/2009	9/30/2009		
1614	First Judicial District Public Defender	12/31/2008	6/30/2009	9/30/2009		
8934	Fortieth Judicial District - Judicial Expense Fund	12/31/2008	6/30/2009	7/30/2009		
8244	Galvez-Lake Volunteer Fire Department	12/31/2008	3/31/2009	6/30/2009	X	

Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Add'l extension requested
6101	Garden District Security District	12/31/2008	6/30/2009	9/15/2009		
10110	God's Temple Ministry Outreach dba Innovative Intervention, Inc.	12/31/2008	6/30/2009	9/30/2009		
10192	Grace Outreach Center	12/31/2008	6/30/2009	8/31/2009		
10073	Hope for the Homeless	12/31/2008	6/30/2009	9/30/2009		
4030	Housing Authority of Donaldsonville	12/31/2008	6/30/2009	9/30/2009		
4034	Housing Authority of Erath	12/31/2008	6/30/2009	9/30/2009	X	
4064	Housing Authority of Merryville	12/31/2008	6/30/2009	9/30/2009	X	
4073	Housing Authority of New Orleans	9/30/2008	3/31/2009	7/10/2009	X	
4084	Housing Authority of Pineville	12/31/2008	6/30/2009	9/30/2009		
4086	Housing Authority of Rapides Parish	12/31/2008	6/30/2009	9/30/2009		
4090	Housing Authority of Sabine Parish	12/31/2008	6/30/2009	9/30/2009		
4094	Housing Authority of Simmesport	12/31/2008	6/30/2009	9/30/2009		
4096	Housing Authority of South Landry	12/31/2008	6/30/2009	9/30/2009	X	
8343	Husser Volunteer Fire Department	12/31/2008	6/30/2009	9/30/2009		
8344	Independence Volunteer Fire Department	12/31/2008	6/30/2009	9/30/2009		
7155	Institute of Women & Ethnic Studies	12/31/2008	6/30/2009	9/30/2009		
8953	James Chapel Church of God In Christ	12/31/2008	6/30/2009	9/30/2009		
5370	Jeff Davis Communities Against Domestic Abuse	12/31/2008	6/30/2009	8/31/2009		
10128	Jefferson Community Health Care Center	12/31/2008	6/30/2009	9/30/2009		
7363	Kenner Convention and Visitors Bureau	12/31/2008	6/30/2009	9/30/2009		
10069	District	12/31/2008	6/30/2009	9/28/2009		
10108	Lakeview Waterworks District of Caddo Parish	12/31/2008	6/30/2009	9/30/2009		
5483	LaSalle Economic Development District	12/31/2008	6/30/2009	9/30/2009		
5946	LaSalle Parish Recreation District No. 10	12/31/2008	6/30/2009	9/30/2009	X	
10166	La. Beefmasters Marketing Group, Inc	12/31/2008	3/31/2009	6/30/2009		X
8992	Livingston Parish Fire Protection District No. 9	12/31/2008	6/30/2009	7/31/2009	X	
8771	Livingston Parish Sewerage District No. 1	12/31/2008	6/30/2009	7/28/2009	X	
6005	Louisiana Artists Guild	12/31/2008	6/30/2009	9/30/2009		
9666	Districts	12/31/2008	6/30/2009	9/30/2009		
10180	Louisiana Minority Business Council	12/31/2008	6/30/2009	9/11/2009		
5007	Parish	12/31/2008	6/30/2009	8/14/2009	X	
7235	N'R PEACE	12/31/2008	6/30/2009	9/14/2009		
8352	Natalbany Volunteer Fire Department	12/31/2008	6/30/2009	8/31/2009	X	
2131	New Orleans Municipal Court	12/31/2008	6/30/2009	8/15/2009		
10160	New Orleans Musicians Assistance Foundation	12/31/2008	6/30/2009	7/31/2009	X	
9032	New Orleans Redevelopment Authority	12/31/2008	6/30/2009	7/31/2009	X	
2133	New Orleans Traffic Court	12/31/2008	6/30/2009	8/31/2009		
7090	Northeast Delta Resource Conservation & Development Area, Inc.	12/31/2008	6/30/2009	9/30/2009		
9778	O'Brien House Inc.	12/31/2008	6/30/2009	8/17/2009		
7300	Operation Reach Inc.	12/31/2008	6/30/2009	9/25/2009		
4141	Orleans Civil District Court-Judicial Expense Fund	12/31/2008	6/30/2009	9/30/2009		
2527	Ouachita Parish Police Jury	12/31/2008	6/30/2009	9/30/2009	X	
10179	Plaquemines Community Care Centers Foundation Inc	12/31/2008	6/30/2009	9/30/2009		
9414	Pleasant Hill-Crossroads Water System, Inc.	12/31/2008	6/30/2009	9/30/2009		
8195	Pointe Coupee Parish Fire Protection District No. 4	12/31/2008	6/30/2009	7/8/2009	X	

Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Add'l extension requested
7094	Rapides Station Community Ministry, Inc.	12/31/2008	6/30/2009	9/4/2009		
7117	Renewal, Inc.	12/31/2008	6/30/2009	9/30/2009		
7383	Restoration Center, Inc.	12/31/2008	6/30/2009	9/30/2009		
10175	River Parishes Community Development Corporation	12/31/2008	6/30/2009	9/30/2009		
5824	Rural Health of America, Inc.	12/31/2008	6/30/2009	7/20/2009	X	
5479	Shreveport Green	12/31/2008	6/30/2009	9/30/2009		
8915	Sickle Cell Disease Association of America, Inc. Northwest Louisiana Chapter	12/31/2008	6/30/2009	9/30/2009		
7337	Southern Hills Business Association	12/31/2008	6/30/2009	9/30/2009		
2536	St. Helena Parish Police Jury	12/31/2008	6/30/2009	8/31/2009	X	
7416	Terrebonne Economic Development Authority	12/31/2008	6/30/2009	8/31/2009		
7283	The Good Work Network	12/31/2008	6/30/2009	7/31/2009		
6230	The Family Tree Information, Education and Counseling Center, Inc.	12/31/2008	6/30/2009	7/6/2009	X	
1641	Thirty-Fourth Judicial District Public Defender	12/31/2008	6/30/2009	9/30/2009		
7373	Tipitina's Foundation, Inc.	12/31/2008	6/30/2009	8/31/2009		
10193	Touro Infirmary	12/31/2008	6/30/2009	9/30/2009		
2219	Town of Benton	12/31/2008	6/30/2009	9/30/2009		
2376	Town of Fordoche	12/31/2008	6/30/2009	7/8/2009	X	
2258	Town of Greensburg	12/31/2008	6/30/2009	9/30/2009		
2261	Town of Haughton	12/31/2008	6/30/2009	9/30/2009		
2264	Town of Homer	12/31/2008	6/30/2009	7/31/2009		
2401	Town of Livonia	12/31/2008	6/30/2009	7/7/2009	X	
2312	Town of Ridgecrest	12/31/2008	6/30/2009	8/14/2009	X	
9557	Tri-District Boys' and Girls' Club of Monroe, Inc.	12/31/2008	6/30/2009	9/30/2009		
8322	Union-Convent Volunteer Fire Department	12/31/2008	3/31/2009	5/29/2009	X	
7351	Upper Hurstville Security District	12/31/2008	6/30/2009	9/15/2009		
7317	Urban Housing of America, Inc.	12/31/2008	6/30/2009	9/30/2009		
7230	Vietnamese Initiatives in Economic Training	12/31/2008	6/30/2009	9/28/2009		
5999	Village of Hodge Combined Utility Company	12/31/2008	6/30/2009	9/30/2009		
9134	Washington Parish Fire Protection District No. 1	12/31/2008	6/30/2009	7/31/2009	X	
6064	West Feliciana Community Development Foundation	12/31/2008	6/30/2009	7/2/2009		
2553	West Feliciana Parish Police Jury	12/31/2008	6/30/2009	8/31/2009		
3275	West Feliciana Parish Waterworks District No. 13	12/31/2008	6/30/2009	8/31/2009		
7172	YWCA of Greater Baton Rouge	12/31/2008	6/30/2009	8/31/2009		
5823	YWCA of Northwest Louisiana, Inc.	12/31/2008	6/30/2009	7/31/2009		

### Additional Extension Requests or Extension Requests greater than 90 days-- Louisiana Revised Statute 39:72.1 (Non-emergency)

Agencies requesting additional extensions and/or extensions greater than ninety days after the due date of their reports, under the provisions of Louisiana Revised Statute 39:72.1 (non-emergency extensions). Per the provisions of Louisiana Revised Statute 39:72.1.C., LAAC must approve additional extension requests. The Legislative Auditor's policy is to present any extension request greater than ninety days after the due date of a report to LAAC for approval.

Updated  
through  
8/18/2009

Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Original Extension Date Requested	Received Report
6367	Caddo Parish Constable Ward 7	12/31/2008	3/31/2009	8/7/2009	6/30/2009	x
4013	Housing Authority of Bossier City	6/30/2008	12/31/2008	9/30/2009	3/31/2009	
4021	Housing Authority of Cottonport	6/30/2008	12/31/2008	6/30/2009	3/31/2009	x
4028	Housing Authority of DeRidder	9/30/2008	3/31/2009	9/30/2009	6/30/2009	x
4037	Housing Authority of Gibsland	9/30/2008	3/31/2009	9/30/2009	6/30/2009	x
4147	Housing Authority of Haynesville	9/30/2008	3/31/2009	9/30/2009	6/30/2009	x
4043	Housing Authority of Homer	6/30/2008	12/31/2008	9/30/2009	3/31/2009	
4048	Housing Authority of Jena	6/30/2008	12/31/2008	6/30/2009	3/31/2009	x
4051	Housing Authority of Kaplan	6/30/2008	12/31/2008	6/30/2009	3/31/2009	x
4060	Housing Authority of Logansport	6/30/2008	12/31/2008	6/30/2009	3/31/2009	
4063	Housing Authority of Marksville	6/30/2008	12/31/2008	6/30/2009	3/31/2009	x
8187	Housing Authority of Natchitoches Parish	6/30/2008	12/31/2008	9/30/2009	3/31/2009	
8687	Housing Authority of Olla	6/30/2008	12/31/2008	6/30/2009	3/31/2009	x
4091	Housing Authority of Shreveport	9/30/2008	3/31/2009	9/30/2009	6/30/2009	
4095	Housing Authority of Southwest Acadia	9/30/2008	3/31/2009	9/30/2009	6/30/2009	x
4099	Housing Authority of St. John the Baptist Par	9/30/2008	3/31/2009	9/30/2009	6/30/2009	
10166	La. Beefmasters Marketing Group, Inc.	12/31/2008	3/31/2009	7/31/2009	6/30/2009	
2438	Village of Saline	6/30/2008	12/31/2008	6/30/2009	5/15/2009	

**Agencies requesting first or additional extensions for their reports under the provisions of Louisiana Revised Statute 39:72.1 (non-emergency extensions). Due to these agencies' continued delinquent reports, we are referring these extension requests to LAAC for consideration.**

2235	Town of Cotton Valley	12/31/2008	6/30/2009	9/30/2009	9/30/2009	
7206	Louisiana Community Developers	6/30/2008	12/31/2008	7/31/2009	7/31/2009	
9734	Shreveport Home Mortgage Authority	12/31/2007	6/30/2008	9/30/2009	9/30/2009	
9734	Shreveport Home Mortgage Authority	12/31/2008	6/30/2009	9/30/2009	9/30/2009	

## First Extension Requests--Louisiana Revised Statute 24:513 (A) (5) (a) (ii) (Emergency)

Agencies requesting extensions for the first time under Louisiana Revised Statute 24:513 (A) (5) (a) (ii). This law allows an entity that is prevented by a gubernatorially declared disaster or emergency from submitting its report by the statutory due date to request an extension of time in which to submit its report. Per the procedures approved by the Legislative Audit Advisory Council, we request that LAAC confirm our approval of these extension requests.

**Updated  
through  
8/18/2009**

Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Addt'l extension requested
2501	Calcasieu Parish Police Jury	12/31/2008	6/30/2009	7/31/2009	X	
1381	Cameron Parish Gravity Drainage District No. 5	12/31/2008	6/30/2009	8/31/2009		
5091	Cameron Parish Gravity Drainage District No. 7	12/31/2008	6/30/2009	9/30/2009		
2503	Cameron Parish Police Jury	12/31/2008	6/30/2009	9/30/2009		
2556	Cameron Parish Recreation District - Johnson Bayou	12/31/2008	6/30/2009	8/31/2009		
2558	Cameron Parish Recreation District No. 1-- Hackberry	12/31/2008	6/30/2009	8/31/2009		
9141	Cameron Parish Recreation District No. 6	12/31/2008	6/30/2009	8/31/2009		
9281	Cameron Parish Recreation District No. 7	12/31/2008	6/30/2009	8/31/2009		
9283	Cameron Parish Recreation District No. 9	12/31/2008	6/30/2009	8/31/2009		
8230	Grand Isle Volunteer Fire Company No. 1	12/31/2008	6/30/2009	8/17/2009		
5877	Jefferson Ambulance Service District No. 2, d/b/a Grand Isle Volunteer Emergency Services	12/31/2008	6/30/2009	8/17/2009		
2523	Livingston Parish Council	12/31/2008	6/30/2009	9/30/2009		
10161	Ogden Museum of Southern Art	12/31/2008	6/30/2009	9/30/2009		
2528	Plaquemines Parish Government	12/31/2008	6/30/2009	9/30/2009		
2535	St. Charles Parish Council	12/31/2008	6/30/2009	7/31/2009	X	
2537	St. James Parish Council	12/31/2008	6/30/2009	7/31/2009	X	
10186	Twenty-Fifth Judicial District Court-Divisions A & B	12/31/2008	6/30/2009	9/25/2009		