

NON-FLOOD ASSET PROTECTION MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
NOVEMBER 3, 2010 – 10:00 A.M.

The regular monthly meeting of the Airport Committee of the Non-Flood Asset Protection Management Authority was held on Wednesday, November 3, 2010 at 10:00 A.M., in the Lake Vista Community Center, 2nd Floor, 6500 Spanish Fort Blvd., New Orleans, Louisiana after due legal notice of the meeting was sent to each Board member, the news media, and a copy of the call was posted.

The meeting was called to order by Chairman Saizan at 10:00 A.M.

The roll was called and a quorum was present.

PRESENT:

Chairman Darrel Saizan
Commissioner Romona Thereda Baudy
Commissioner William Hoffman
Commissioner Wilma Heaton (arrived at approximately 10:15 a.m.)

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

STAFF:

Rob Aucoin, OLD
Nick Tusa, OLD-PD
Sharon Martiny, OLD
Nina Hebert-Marchand, OLD

ALSO PRESENT:

Tony Collins
Tommy Martin
Frank Stuart
Albert Pappalardo
Steve Nelson
Addie Fanguy
Reyd Lee
Joan Coats
Lance Rydberg
Alton Ochsner Davis
Lou Soro
Brayton Matthews
Jim Robinson

OPENING COMMENTS

Chairman Saizan thanked Chairman Lupo for the opportunity to chair this Committee. The main goal is to get the Airport up and running to pre-Katrina standards if not better.

APPROVAL OF AGENDA

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

REPORT ON AIRPORT ACCOUNTS RECEIVABLE AGING REPORT

Mr. Capo advised the committee of the A/R Aging Report. He stated that one large sum pertains to a legal settlement that was reached with an FBO. Also there are several amounts in dispute for insurance and utilities, and we are working with the FBOs and tenant to resolve those matters.

Chairman Saizan questioned when mosquito control will be moving out and Mr. Taylor stated that they are keeping their chemical facility there but their office building is moving.

Mr. Capo stated the operations at the Airport are currently 55-60% of what they were pre-Katrina. Fuel sales are coming up and this year we should be close to 1.8 – 2 million gallons.

Ms. Baudy asked if there is something that we are not doing that causes the airplanes not to come in at night. Mr. Capo estimates this to be the general economy and Chairman Saizan added it is just a matter of getting business back in this bad economy. Mr. Taylor agreed that it is strictly economical right now.

Ms. Baudy then questioned the firemen on site and 24-hour fire services. Mr. Capo stated that the tower closes at 6:00 and the fireman are from 7:00 – 9:00. There are 7 firemen that rotate on and off with two minimum that have to be on and one to back-up the other.

Chairman Saizan inquired as to recent incidents where the fire department was called in and Mr. Taylor stated that a plane had a rough running engine and we put the fire truck on the taxiway as a precaution because there is a three minute response time.

PRESENTATIONS

1. RCLC – Status of Airport Projects

Mr. Richard Lambert of Richard Lambert Consultants and Mr. Alton Davis will give a status report on the Airport projects. Frank Stuart with Stuart Consulting and Tommy Martin will update on FEMA and Airport projects.

Mr. Davis informed the committee that the fire station is complete; the Williams Taylor and McDermott Hangars are completed and the exterior of the terminal building should be completed this week with only the punch list items the should last two or three weeks. The drawings were completed on the Wedell Hangars (James and Walter) and the Bastain Mitchell Hangar and have been put out to bid. The bids have been received and we are waiting for FEMA and additional funding to be able to contract and build those projects. The terminal interior drawings will be complete by year end and we hope to bid them beginning in January and that should take 1½ months to bid and is probably a 7 month project. If the funding comes in appropriately it is our goal to complete all of the

projects by the end of next year so the Airport can be fully operational a year in advance of the Super Bowl.

The murals have been protected in air conditioned and humidified boxes and they won't be touched until the project is complete. The roof was replaced on the exterior renovation but had to be repaired because we had to remove equipment that was still in place. There are five kinds of marble and beautiful woods that are being restored. The plan is to return the interior to its 1934 condition with approximately 12,000 square feet of lease space, an Airport Director's office, a Customs and Immigrations facility and a 5,500 square foot restaurant café, formerly the Walnut Room. The central atrium in the mezzanine area will be two stories again. The three telephone booths are going to be restored, two can be easily restored and the third one fabricated to match. We inventoried everything that was historic in the building and it is stored in a trailer on site. It has all been documented and cataloged and will be reused in the interior renovation.

Chairman Saizan questioned if it was eligible to be declared an historic building and Mr. Davis stated its entry could be eligible after the work is complete. Anything done has been according to national historic briefs but it is recommended not to go through that process until completion because it could slow down the process.

Next, Mr. Steve Nelson updated the projects on his list. The Bastain Mitchell Hangar, formerly two individual hangars, will now be combined into one large facility. The bids came in and we will go to construction as soon as we get FEMA project worksheet versions updated and approved. Some minor architectural items will have to be covered from other funding. The maintenance building will be used as alternate funding to cover some of these insurance gaps and other architectural elements. The McDermott Hangar was completed in August of this year. The Delgado Hangar is in various stages of repair and it is under lease to a tenant. The fire station building was completed in March of last year. The FAA building will not be replaced and will be used to cover gaps in other projects. The James Wedell Hangar bids were received late last month and we are waiting for FEMA to reversion and address their cost in the construction. Again, there is will be an insurance gap the Levee District will have to cover for the funds they received. Walther Wedell Hangar bids were received late last month, the request is in with FEMA and we are awaiting their determination. The Administration Building interior design documents will be completed by year end or early next year. It is an improved project FEMA has agreed to pay a portion of. Some funding from alternate projects will be brought in to cover elements FEMA will not cover.

Chairman Saizan questioned the shortfall for the terminal in terms of funding to bring it back to up to 1933 standards. Mr. Nelson stated there is a best case scenario, a least cost burden and a highest cost burden. The least cost burden would be about \$4.3 million; the highest cost is about \$5.1 million. The differential can be explained by the difference between the insurance proceeds actually received and what FEMA has removed. There were three project worksheets for this project with insurance proceeds deducted. All anticipated deductions are higher than what the Levee District has actually received. It is Mr. Nelson's opinion that FEMA come back and look at the actual insurance proceeds and what the Levee District received. That represents the gap for the worst case scenario.

Mr. Davis explained that the interior was funded as a repair project but can't be repaired therefore it has to be approved for funding. We are trying to get the funding as high as possible and are hopeful that another \$1/2 million will be coming in. I have given Mr. Nelson a ball park estimate for the interior cost which is very detailed so it is hard to get an exact cost. Right now it is just at \$7 million but it may really be \$6 or \$8 million. It is a number based on a square foot cost.

Nina Marchand, Compliance Director for the Orleans Levee District Non-Flood Department, addressed minority participation. The projects that the FAA provides funding for I am able to put goals on those projects and those goals are met.

Ms. Baudy then questioned if there should be DBE goals and Chairman Saizan added that should be a board policy.

Mr. Davis advised there are goals in place are 16% in all of our contracts and we complied and our participation is approximately 30%. When we go to bid in the front end of the bid document we included clear DBE goals.

Mr. Capo advised that the goal is stated in the advertisement that goes into the newspaper and they are also to contact Ms. Marchand. Ms. Heaton added this is an issue the Board needs to look at regarding policies and procedures so the policy of the Board would be in writing and people would know what the rules are.

Mr. Hoffman requested Mr. Capo look at this issue and present a recommendation for minority participation on all of our contracts to the Board.

Chairman Saizan suggested letting people know on the front end that we need a good faith effort once construction begins to involve as many local and minority contractors as possible.

2. Brayton Matthews – Flightline First

Brayton Matthews, General Manager of FlightLine First, spoke regarding marketing the Airport to get more flights. Per Mr. Taylor, the Airport's website is being updated. Mr. Matthews urged the Board to look at MSY's website for ideas on how to update our website and portray the Airport in a positive light using modern pictures and information. He stated AIRNAV.COM has a high resolution photograph of New Orleans Lakefront Airport taken six weeks after Hurricane Katrina which is very devastating, leaving an impression of an airport in a high state of disrepair. Mr. Matthews' second comment regarded hangar space at the Airport. It is Mr. Matthew's opinion that with three FBOs operating, hangar space with FBO-type office space attached is not needed. Mr. Matthew's believes the Airport should receive the income for office space rental as opposed to FBOs with office space generating income to the FBOs only. Mr. Matthews suggests large box hangars for Aircraft storage, some long-term and some short-term, for aircraft coming in overnight looking to get out of weather.

Mr. Davis responded that all of the office spaces that we have associated with the hangars were there pre-Katrina. We have gotten approval from FEMA for square footage in areas being developed to match what was there before. There is about 12,000 square feet of office space which is not a substantial amount. If we were to build box hangars, the Airport would lose millions of dollars in funding because as an alternate project we only get 75% of the funding.

3. Jim Robinson – Flightline First

Mr. Jim Robinson, President and Owner of FlightLine, stated that he believes that he does not owe any money regarding insurance and that he paid approximately \$78,000 representing insurance for 2 ½ years. It is Mr. Robinson's opinion FlightLine does not owe the Airport any money. Next, Mr. Robinson addressed promoting the airport, the number of FBO's at the airport and the Bastian Mitchell replacement hangar. Mr. Robinson requested that the Board consider the fact that hangar space draws people to an Airport and that being able to hangar an

aircraft can be done by building basically a tin box, which is a lot cheaper than \$12 million dollars.

NEW BUSINESS

1. T-Hangar Lease Extension

Mr. Pappalardo referred to the methodology and calculations for extending the present lease for the T-Hangar Association to achieve a land rent and a component for improvements. It will add approximately \$50 per month per unit for a total of \$5,225 per month total rent, including the land rent, to extend the T-Hangar lease which expires December 1, 2011.

Mr. Hoffman questioned the obligation to competitively bid these leases before we go to renewal. It is Mr. Pappalardo's understanding that reclaimed land has a preemptory authority that it can lease its own land without going to public bid on land it has reclaimed, which are the areas where we lease property on land reclaimed by the Levee District. It is Mr. Pappalardo's understanding that it is a market rate for an extension of a ground lease rent.

Mr. Rydberg, President of the New Orleans Lakefront Hangars Corporation, addressed the lease which expires in November of next year adding that they have been a tenant of the Airport since the late 70s and they would like to remain a tenant and look forward to a lease extension.

Mr. Hoffman inquired if the rent is calculated on the value of the buildings and land or just on the value of the land. Mr. Pappalardo explained that if this lease expires we own these T-Hangars and we can do whatever we want with them. We have a tenant that has been there for many years operating the entire 40 T-Hangar as a unit which is maintained between its members. We have been receiving land only rent because they built the facility. It is not in our best interest to rent out individual units because of the cost, overhead, administration and maintenance involved. Extending the land lease and securing a component for improvements would increase the land rent. The methodology that he is recommending is that land rent we receive for any land is a constant and in addition there is a component of \$50 per month per unit that would take care of improvements on the land. This is all increased over time by the CPI. The new building rent is based on a land lease extension but effectively there is a component in there for the improvements.

Mr. Hoffman questioned if the numbers worked would be comparable to what we can get from a new operator if the lease terminated and we took ownership of the property and replaced the current operator.

Mr. Pappalardo explained that if it was leased to an entity there would be additional costs and it would be problematic whether you could rent it out on that basis. They have and built what is there. If we take it back we don't know what we are getting or how effectively it was maintained. Typical commercial leases are based on five year intervals and most of the Levee District leases are based on five year intervals for rental increases. Mr. Pappalardo advised renewing a land lease to the people that effectively built these hangars.

A motion was called by Commissioner Hoffman subject to approval from the legal advisor that the Lease Extension be brought before the Board, seconded by Ms. Heaton and unanimously adopted.

2. Approval to Submit Request to FEMA for Improved Project (Old FAA Office Building)

Mr. Capo addressed the issue of the old FAA Building and moving FEMA funds from one building to another. The FAA office building has been demolished and will not be rebuilt. We are asking for approval to submit to FEMA an improved project capped at \$1.2 million which will be applied to the Terminal Building interior. We are asking for approval to submit that letter to FEMA. We are not losing any money on this; it is an improved project as opposed to an alternate.

Mr. Hoffman called for a motion to approve and send to the Board, seconded by Ms. Baudy and unanimously adopted.

3. Richard C. Lambert Consultants Contract Extension

Mr. Capo then addressed Richard Lambert's contract which expires December 31. This motion is asking to extend their contract so they can continue to work on these projects.

Mr. Hoffman recommended approving the one year extension and prior to next year's extension.

Chairman Saizan called for a motion to extend the contract for one year, seconded by Commissioner Baudy and unanimously adopted.

4. Repair Project – Flightline First Lease Hold

Mr. Capo then addressed the repair project at the Airport stating that the ground is subsiding and it could be a danger to the Aircraft. We have gone out for bid and we have four proposals to excavate and explore the problem of why we have that sinkhole. Mr. Lupo addressed the contracts and questioned if specs were given to the proposers because they are all different. Mr. Lupo requested that this be tabled due to the differences.

Chairman Saizan informed Mr. Lupo that this item would be tabled.

5. Survey of Airport Runway

Mr. Taylor then addressed an additional item of New Business, a survey of the Airport runway. The Airport runway is presently listed at 6,867 or 6,880 feet, depending on what publication you look at. If we don't survey the runway, it is going to be put in all of the books at 6,867 and it will take us 4-5 years to correct it. The cost is \$4,500.

Chairman Saizan called for a motion to survey the runway, seconded by Commissioner Baudy and unanimously adopted.

Commissioner Heaton then informed the Committee that an application was forwarded to the State Capital Outlay Program on Lakefront Airport terminal parking lot replacement, bulkhead, the east side of the Airport and the northeast quadrant. The application and required legislative letters were sent timely which will position us for advising people what our needs are and to also put us at the table for discussion.

PUBLIC COMMENTS

Addie Fanguy with Odyssey Aviation addressed the issue of how critical it is for the Administration Building to get completed. The tower is critical not being opened the normal hours that it used to. We have lost a lot of flights to Moisant Airport because of the tower not being open and it is procedure to go to one with

an open tower because of safety issues. Mr. Fanguay also addressed fire rescue personnel on the field which is also a standard operating procedure with a lot of Fortune 100/500 companies who have safety management programs on corporate jets. Safety and fire rescue is critical. Mr. Fanguay then addressed having Customs back on the field because we would get a lot of flights from Mexico who come to New Orleans to clear Customs before they move on. We are losing a lot of fuel sales there.

ANNOUNCEMENT FOR NEXT AIRPORT COMMITTEE MEETING

Mr. Capo announced that the next Airport Committee meeting will be held on November 30th at 10:00 a.m.

ADJOURNMENT

Chairman Saizan called for a motion to adjourn, seconded by Baudy and unanimously adopted.