

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
THURSDAY, NOVEMBER 8, 2012 – 9:30 A.M.

The regular monthly meeting of the Airport Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, November 8, 2012 at 9:30 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.

Chairman Saizan called the meeting to order at 9:40 a.m. and led in the Pledge of Allegiance.

The roll called was which constituted a quorum.

PRESENT:

Chairman Darrel Saizan
Commissioner Wilma Heaton
Commissioner Pearl Cantrelle
Commissioner Nyka Scott

ABSENT:

Commissioner William Hoffman
Commissioner Romona Baudy

STAFF:

Louis Capo - Executive Director
Dawn Wagener – Non-Flood
Fred Pruitt – Airport Manager

ALSO PRESENT:

Charles Curtis – Legal Counsel
Albert Pappalardo – Real Estate Consultant
Alton Davis – Richard C. Lambert Consultants
Chris Fenner – Stuart Consulting
Steve Nelson – Stuart Consulting
Don Lapeyrolerie – Stuart Consulting

APPROVAL OF AGENDA

Commissioner Cantrelle offered a motion to adopt the Agenda, seconded by Commissioner Scott and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Commissioner Heaton offered a motion to approve the minutes of the October 2, 2012 Airport Committee meeting, seconded by Commissioner Cantrelle and unanimously adopted.

REPORT ON CURRENT AIRPORT ISSUES

Mr. Pruitt reported that Hi-Lite Markings, the contractor for the AIP project, received airfield training and has completed a section of Bravo at 927. Hi-Lite is doing excellent work and the project is moving quickly as they are very organized.

Airport fuel sales for October 2012 are up by 245,000 gallons over October, 2011 sales year to date. Fuel sales are strong and construction at the Bastian Mitchell Hangar is in motion again with two cranes on site. A telephone conference is scheduled today with Jim Barbee, Chris with Air Traffic Control, Andy Velayos and Wayne Bob, the Air Boss for the Super Bowl, to get the necessary agreements prepared and approved. The fire truck had a false alarm and failure on its transmission. A mechanic is currently making repairs and the truck should be up and running fairly soon. The truck failed at approximately 3:00 a.m. yesterday and there are currently no fire fighting capabilities until the truck is

repaired. The NOFD has been informed and is aware of the situation with a fire station on Downman Road available as the Authority interfaces with the NOFD.

Chairman Lupo advised that Addie Fanguy of Landmark informed that repairs due to Hurricane Isaac at Landmark will be complete in approximately three weeks. The directors of the FBOs are personally informed by Chairman Lupo to ensure the FBOs that the Board is aware and cares about the situation. The FBOs have stated that Mr. Pruitt is doing a great job and everything is coming together at the Airport.

Chairman Saizan noted that the Sugar Bowl will be coming soon. The Sugar Bowl is the Champion's Bowl, the champions of the big 12 and the SEC, which are the best teams available. As a result of the tie-in there will be teams bringing in approximately 18,000 people. The best team of the big 12 and the SEC will always be a big draw.

Mr. Pruitt informed the Committee of a discussion with a gentleman regarding a three day seminar with a large group of aircraft holders that would bring in approximately 100 Citation jets. The jets would be parked at the Airport and the pilots would go to the seminar downtown and leave thereafter. This was the first discussion regarding an organizational seminar of that type in New Orleans. Chairman Saizan suggested Mr. Pruitt have information available regarding the conference center at UNO for future reference to keep visitors in the area as UNO is very accommodating with shuttles that go to and from downtown. Chairman Lupo advised that Gulfstream meets every year and suggested Mr. Pruitt contact the Convention Center staff and inform them of the event, which is currently being held in Aspen, because it is similar to the seminar with the Citation jets. This may be a new event for Lakefront Airport as New Orleans is close and Lakefront Airport can accommodate the aircraft.

Mr. Pruitt advised that the painting and markings currently underway at Lakefront Airport will be broken down in six phases with small sections in order to keep the airfield open at all times. Chairman Lupo thanked Mr. Capo and Mr. Pruitt for their ability to make everyone agreeable with the painting/marking situation which is amazing. Chairman Saizan requested Mr. Pruitt let the Board know when the markings are complete so a tour could be arranged.

OLD BUSINESS

1) Update on Airport Terminal Interior Restoration

Chairman Saizan addressed the paving in front of the Airport and questioned if DOTD is contractually obligated to the federal government to spend the money within this calendar year. Mr. Capo advised that Commissioner Stack's office is communicating with Paul Magner on a plan to get the project completed, but it is unknown whether it is a federal guideline. Chairman Saizan noted that federal money disappears at the end of the calendar and fiscal year if it has not been obligated. There is a winning end and a losing end on those funds and Lakefront Airport should not be on the losing end since this project is being handled by DOTD and their contractor. Mr. Capo advised that Commissioner Stack did not want to lose the funding as the Super Bowl is arriving soon and DOTD is working with Belou Magner to get this project complete.

Steve Nelson, Stuart Consulting, advised of a meeting with Nelson Belou (Belou Magner) to discuss when Belou Magner would be finished with the project as the date indicated in the latest pay schedule was March 20, 2013. Contractually, the date is December 31, 2012. A Change Order was received yesterday requesting an additional 60 days related to various miscellaneous items. Belou Magner was advised to submit a hard line schedule with a project completion date. Liquidated damages of \$1,000 per day will be discussed at a later date. Mr. Davis received an e-mail from Belou Magner which indicated the completion date will be May 13, 2013. Mr. Nelson is not recommending the Board accept that date as it is not warranted.

Chairman Lupo added that some delays were reasonable as a result of Hurricane Isaac and finding asbestos in the beams. Mr. Belou advised that it may be April at the latest, but the Authority's consultants will not let this fly and will protect the Authority. There is no way to force a contractor to get the job done besides the liquidated damages of \$1,000 per day that will be charged. The Authority has met and informed the contractor of the consequences and the Authority's experts inform of what the reasonable delays are. Commissioner Heaton advised that Belou Magner's accountability of the delay would become public record.

Alton Davis, Richard C. Lambert, informed that Mr. Magner is working to get the completion date back to April, but is currently using May 13, 2013 as the completion date. There is some leverage as the bonding company sent a request regarding the status of the project and where Belou Magner stands. This request will be answered honestly. The bonding company will be informed of the status and that the job is not being properly managed, is way behind schedule and there are issues on the job. The bonding company may then pressure Belou Magner as the bonding company does not want to be on the hook for the money if the Authority pulls the contract.

Chairman Lupo noted that he visits the Airport site weekly. There are workers present, but no visible progress. Mr. Nelson advised that the main issue is the complication of the project. The Authority can exercise the leverage regarding the bonding company as there is no choice at this point. The Authority has tried to be accommodating and wants to be fair in all instances to get the project completed. If a contractor deserves, such as the asbestos issue, the contractor will be given time.

Mr. Nelson informed that realistically Hurricane Isaac put contractors back at best a few weeks. There is no concise breakdown of how many days and which sub-contractors were affected or where the problems were. Contractors are advising of issues in the re-design and were asked specifically what issues in re-design.

Chairman Saizan advised that the Authority should have established a weekly list of what the contractors were doing along with a weekly meeting and report that includes a time certain deadline and what improvements will be made. If the work is not completed the contractors should be required to explain why. Mr. Nelson noted that the critical list is continually changing which is the problem. There are weekly meetings with Belou Magner and a meeting record from each meeting.

Commissioner Heaton added that considering the original date that the Airport Terminal Building was constructed, the contractors should have anticipated some of the problems such as asbestos. This Authority is bending over backwards and will hold the contractor responsible. If the contractor looked at the age of the building it should not have been a surprise. Mr. Davis advised that in the public bid form there were pre-qualifications on the most critical trades: plaster, aluminum, marble and woodwork. The sub-contractors that were extra qualified for those particular items were chosen. Belou Magner could not be excluded as a GM, but they were required to have a specific trade and a certain amount of experience because of the historic nature of the building. That is what will ultimately make the building look like it did in 1934. The contractor cannot be told how to schedule or manage the project. There are weekly meetings and staff on site each day. The drawings are a good set of drawings. There are unforeseen conditions, but there should be no more schedule delays at this point beyond December or possibly the middle of January. There is no excuse for this project not to be done in time for the Super Bowl.

The original contract date was March of 2012. The first step to terminate the contractor is to notify the bonding company and inform where the problems are.

The bonding company, as the authority for Belou Magner, can then appoint a manager to come on site and manage the project for Belou Magner. The Authority could at any time call the bonding company, pull the bond and shut the job down and assist the Authority in funding the project. The bonding company would be responsible to retain another contractor immediately which they would do expeditiously, but it will not happen overnight.

Mr. Nelson informed that this process could possibly push the Authority back, especially if there is a legal question. If the Authority pulls a contractor's bond the company will be killed. Mr. Davis advised that the bonding company sends a standard form every 2-3 months. Comments can be made on the form advising the bonding company that the job has been poorly managed and despite various Change Orders the schedule has not been adhered to. Ninety percent of the Change Orders are for unforeseen conditions that would not critically impact the schedule, but the contractor hangs his hat on every change order as being a schedule because he has no clear path to follow. The contractor has not run the job properly and submits Change Orders that are ridiculous, which slow down the process. The contractor submits Change Orders with invalid numbers and the Change Orders go back and forth before they are approved because the numbers were invalid to begin with. If the Change Orders were simply assigned it would ultimately cost the Authority a lot of money. The Change Orders have to be fought which slows the process down and the contractor claims that delay on the Authority. It is not a delay on the Authority's part; it is because the contractor inserted invalid numbers to bilk the Authority for something that should not be paid for.

Mr. Nelson advised that the contractor will have a hard stop date at the end of the job and every day after there will be a \$1,000 per day liquidated damages charge. In previous letters the bonding company was informed that the project is delayed so the bonding company is aware that the contractor has problems. The bonding company has not yet been pressured to jump on the contractor, which is absolutely critical. At this point, the next letter will advise the bonding company that the project is not being properly managed. RCL has tried to work with the contractor, but they are not responding. The contractor sat with the head of the Board and promised a completion date by Tuesday and did not show for the meeting.

Mr. Nelson stated that a contractor only makes money if the job is completed on schedule. A general contractor is responsible for taking multiple sub-contractors, bringing them together and telling them where to go and what to do and is responsible for coordinating. The problem may be that the contractor cannot coordinate the sub-contractors.

Mr. Davis noted his opinion is the contractor could have made the Super Bowl completion date. It was not until after the Airport Committee meeting that the contractor advised he was unable to make the Super Bowl. The bonding company should be pressured. There is a meeting scheduled today regarding a ridiculous Change Order. RCL is constantly fighting battles with price gouging as some charges the contractor tries to charge are ridiculous and has to be fought. Mr. Davis informed the Committee that he will hold the contractor's feet to the fire and advise the contractor as well as the bonding company that liquidated damages of \$1,000 per day would be charged.

Mr. Davis advised of a general form status inquiry received from International Fidelity which allows for a summary of the status of the job. The inquiry specifically asks if work is progressing satisfactorily, if there are any unpaid laborers or any problems on the job. There is plenty of room to attach a full laundry list of items showing that the job is being poorly managed. Chairman Lupo requested that Mr. Davis inform Mr. Belou that the Airport Committee agrees with the comments that will be inserted in the form inquiry to the bonding

company. Commissioner Saizan requested Mr. Davis show him the original letter along with his response.

2) Update on construction of the Bastian-Mitchell Hanger and James Wedell Hangar

Walton Construction is doing double shifts at their own expense to get the steel erected in time for January. The crane will be off site and the whole apron can be used. This will cost Walton Construction approximately \$500,000. Walton is a good contractor. Mr. Nelson added Walton's new superintendent asked for a Change Order for overtime and the second crane, however, Walton has done that at their own expense and will request a Change Order for days only. The building should be framed for the Super Bowl, the steel will be erected and the aprons will be poured. The hangar and the office will not be complete, but it will look like a hangar. Walton paid for double shifts because it would cost them more to extend this project out three months.

Mr. Davis reported that the James Wedell Hangar is slightly behind. The aprons will be put in next week and will be ready for the aircraft and all of the aircraft parking spaces will be available for the Super Bowl. The working trucks will be moved and fenced in behind the trailer to provide another slot that will be available for aircraft parking.

Mr. Nelson noted that the contractor's schedule indicated April 22, 2013 as the completion date. The contractual completion date is February 7, 2013. This was slated to be complete in mid-January. Due to Hurricane Isaac and an FAA issue, the date was pushed back to February 7, 2013. If Walton was given the free Change Order they would be completed contractually. For planning purposes the date is April 22, 2013.

3) Discussion regarding Chevron, Harbor Master and Delgado Buildings

Mr. Nelson stated that the Chevron, Delgado and South Shore Harbor Master Building, which are on Airport property, have not been constructed to date. The Chevron and Harbor Master Buildings are vacant properties. The Delgado Hangar had some temporary renovations and the building is standing.

The Authority can use those buildings as approved and alternate projects that could be used for the Terminal Building. The Chevron funding is approximately \$1.5 million. After insurance deductions it will be approximately \$1-\$1.25 million. If this money is plugged into the Terminal, which the Authority has loaned funding, that \$1.25 million can be freed up and used to build out the Bally's Terminal Building or infrastructure or the facilities could be rebuilt. The South Shore Harbor Master Building is approximately \$1.3 million and the Delgado Hangar would be approximately \$250,000-\$300,000 if used as alternate projects. If it is an alternate project the Authority takes a 25% hit.

With the Chevron Building the Authority would be putting office space in the Terminal Building which is like use to like use and funding is dollar for dollar. The Board does not need to take action. Mr. Nelson noted for the record that the issue has been discussed regarding using these as approved and alternate projects as the Non-Flood Authority does not want additional buildings to maintain. This funding could be plugged into the Bally's Building or another series of projects. Chairman Saizan questioned the Authority would run into a problem as the Bally's building is not on Airport property. Chairman Lupo explained that the Authority loaned money to the Airport and the Chevron, Delgado Hangar and Harbor Master Building are on Airport property with two being office space. If Chevron and Harbor Master funding, which is office space, is put into the Terminal Building the money the Authority has previously loaned can be taken out dollar for dollar and the Authority does not lose anything. Those dollars the Authority can then use for anything. This is a way to get back

the money that the Authority loaned to the Airport as the FAA states money cannot be taken off of the Airport.

Chairman Lupo noted that the Bally's Building is structurally sound and money can be put into that building to construct the ground floor which would leave 8,000 square feet on the second floor where the Harbor Master can be placed along with additional available office space. The Authority will contact the Counselors of Real Estate for a recommendation on what the first priorities are for those dollars. The Airport does not need the Delgado Hangar because it is in a low spot at the Airport that floods, the Harbor Master Building dollars could be used in the Bally's building and the Chevron Building is not needed as there will be office space in the new renovated Terminal Building.

Chairman Lupo advised the Airport Committee to make the recommendation so the Authority can move forward with this concept. Mr. Nelson suggested expending additional effort at the Delgado Hangar to get the project worksheet to the right size. Currently the scope is not where it should be. FEMA offered the Authority \$82,000 for the Aviaport PW. This was reviewed and it is \$1.6 million. Mr. Nelson suggested RCL complete an assessment of the mechanical echo honing system to get the dollars right.

Commissioner Cantrelle offered a motion to recommend approval using the Chevron, Harbor Master and Delgado Buildings as alternate projects, seconded by Commissioner Heaton and unanimously adopted.

NEW BUSINESS

1) Approval and recommendation to contract with Air Boss Consulting International for Ramp Manager/Air Boss in the amount of \$36,000 for the Super Bowl

Mr. Capo advised that the Air Boss contract is an amount not to exceed \$36,000. Staff recommends this contract which was reviewed by Winn Perkins. The FBOs will have a special event fuel flowage fee so the Authority can recoup the \$36,000 spent for the Air Boss. The FBOs are in agreement with the fuel flowage fee.

Commissioner Heaton offered a motion to recommend approval to the Board to hire the Air Boss in an amount not to exceed \$36,000, seconded by Commissioner Cantrelle and unanimously adopted.

2) Approval to extend RCLC contract to December 31, 2013

Mr. Capo advised that RCLC's contract expires December 31, 2012. Staff recommends this contract be extended until December 31, 2013.

Commissioner Cantrelle offered a motion to extend RCLC's contract until December 31, 2013, seconded by Commissioner Heaton and unanimously adopted.

3) Approval to extend RCLC construction observation contract at the Bastian-Mitchell through February 28, 2013

Mr. Nelson advised that a construction observer was on site following Hurricane Isaac to ensure that materials were being properly stored. It was crucial to have a person on site to make sure that things were not getting covered that the Authority would discover later or worse yet never. The Authority can claim extenuating circumstances with FEMA. This will give the construction observer an extension until the end of the period when life safety will be critical. This project is a very big complicated project and if someone gets hurt it is a big deal.

Commissioner Scott moved to extend RCLC's construction observation contract at the Bastian-Mitchell Hangar, seconded by Commissioner Heaton and unanimously adopted.

Mr. Pappalardo advised that the Authority contracted with Sandy McNamara, Total Marketing Solutions, who is preparing a presentation packet to present to a group of restaurateurs and caterers across the area. Once we get the responses, the likely recipients for the facility will be determined through an RFP. Chairman Saizan noted that Ms. McNamara previously ran Harrah's Entertainment and has opened the Joy Theatre. Ms. McNamara is familiar with how the catering works in New Orleans, how facilities are equipped and the motivation behind restaurateurs to make an investment decision. Mr. Pappalardo informed that the Authority is soliciting advice and interest in the property. The community is not aware of the architectural jewel the Terminal Building will be. Chairman Saizan noted that people have questioned whether the Walnut Room will reopen as people used the Walnut Room for special events so there will be a use for the Walnut Room.

ADJOURNMENT

Commissioner Hoffman offered a motion to adjourn, seconded by Commissioner Heaton and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

The next Airport Committee is scheduled for Thursday, December 4, 2012 at 9:30 a.m.

The meeting adjourned at 10:35 a.m.