

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
TUESDAY, MARCH 6, 2012 – 9:30 A.M.

The regular monthly meeting of the Airport Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, March 6, 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 9:36 a.m. and led in the Pledge of Allegiance.

The roll called was which constituted a quorum.

PRESENT:

Chairman Darrel Saizan
Commissioner William Hoffman
Commissioner Pearl Cantrelle
Commissioner Romona Baudy
Commissioner Wilma Heaton

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

STAFF:

Louis Capo, Executive Director
Sharon Martiny, Non-Flood
Dawn Wagener, Non-Flood
Fred Pruitt, Airport

ALSO PRESENT:

Gerard Metzger
Steve Nelson
Albert Pappalardo
Valentino Rovere
Charles Curtis
Alton Davis
Jay Taffett
Scott Zimmerman
Addie Fanguy

APPROVAL OF AGENDA

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

Commissioner Hoffman offered a motion to amend the Agenda to add an item under New Business regarding discussion on the documentary film by Bess Carrick on the Airport, seconded by Commissioner Baudy and unanimously adopted.

APPROVAL OF PRIOR MINUTES

The February 7, 2012 and March 6, 2012 minutes of the Airport Committee will be presented for approval at the April 3, 2012 meeting.

REPORT ON CURRENT AIRPORT ISSUES

Mr. Pruitt reported that the Mardi Gras season was good and we are now preparing for the Final Four games on Saturday, March 31 and April 2, 2012. Firemen will be on 24 hour shifts Friday March 30, 2012 through Monday April 2, 2012 to accommodate traffic and assist with issues that arise. Coming up on March 9 - March 11 is the College Foundation Wings of Freedom Tour at the

Airport. There will be ground tours and rides on the aircraft. The Wings of Freedom Tour is good publicity for the Airport as many people come to see the aircraft.

Mr. Pruitt advised that firemen will be put on 24-hour shifts due to safety precautions as there is no airport security to oversee the amount of aircraft flying in and out after hours. Chairman Saizan noted that security will be an issue to confront closer to the Airport opening and questioned if there would be traffic for the SEC tournament coming up this weekend. Mr. Pruitt advised that one FBO has a couple of 737s coming for the SEC tournament this weekend but there is no need for overflow parking. Mr. Pruitt advised he is on 24-hour call if any issues should arise.

Chairman Saizan informed that NOLA Navy Week is approaching and noted a meeting in Lake Oaks Thursday, March 8 in which residents would be of the events taking place that weekend.

EXECUTIVE SESSION

Commissioner Hoffman offered a motion to go into Executive Session, seconded by Commissioner Baudy and unanimously adopted.

Flightline Ground, Inc. d/b/a Flightline First v.
La. Dept. of Transportation and Development, as Successor to the La.
Division of Administration and The Board of Commissioners for the
Management of the Lakefront Airport; Non-Flood Protection Asset
Management Authority, as Successor to the Board of Commissioners
of the Orleans Parish Levee District and Orleans Parish Levee District,
Division of the Non-Flood Assets
Pursuant to 14 C.F.R. § 16.13(f)
FAA No.: 16-11-01

Upon exiting from Executive Session, Chairman Saizan advised that no action or votes were taken.

NEW BUSINESS

1) Request by AeroPremier Jet Center, LLC to transfer and assign lease
Valentino Rovera with AeroPremier requested that the Board allow AeroPremier to contribute the lease and all the related documents to Hawthorne New Orleans, LLC.

Steve Levesque of Hawthorne informed the Board that Hawthorne is a general aviation services business originated in 1932. Hawthorne began as an FBO in general aviation services and provided flight training and flight operations that expanded its business in the late 80's to other types of facility management. In 1998 the Carlyle Group sponsored a merger between Hawthorne Aviation and Piedmont Aviation Services which created Piedmont Hawthorne creating a platform of 22 FBOs and airport management contracts. That company became Landmark Aviation with a heavy aircraft completion center in Dallas and airplane & engine overhaul MRO services that are separately owned today. In 2007 Hawthorne Aviation was reconstituted to build a high quality FBO network that is customer focused and customer centered. Hawthorne closed its first airport operation in January of 2012 with ExcelAire which is an FBO and large aircraft charter and management company with significant maintenance capability.

Hawthorne selected Lakefront Airport in New Orleans as it is close to downtown and events such as Mardi Gras, Jazz Fest, NCAA and the Sugar Bowl making Lakefront Airport a world class market in which Hawthorne is very excited to enter. Hawthorne is excited to be here and will provide much experience and many capabilities for the Airport.

Chairman Saizan noted that the Authority's aim is to make Lakefront Airport the premier general aviation facility and the Authority is moving in that direction with the Terminal Building nearing completion in the fall.

Mr. Levesque informed that the services Hawthorne will provide to Lakefront Airport start with delivering gridline services and improving a first class operation with safety first and customer service right behind. Hawthorne plans to bring more services to Lakefront Airport such as managing aircraft and having a base for aircraft to be chartered for hire to third parties. Maintenance is a core business and Hawthorne has those capabilities if there is a demand. Hawthorne will also co-market and promote the Lakefront Airport at industry events.

Mr. Levesque informed that the Carlyle Group is no longer involved with Hawthorne. Hawthorne works with Moelis Capital Partners out of New York who provide resources and capital and bank management teams.

Commissioner Heaton questioned Hawthorne's expectations of management and this Board. Mr. Levesque informed that Hawthorne has previously managed airports on behalf of municipalities and noted that a relationship and partnership has to work for both parties. Hawthorne expects the support and fairness this Authority would grant any service provider and in turn will team with the Authority to promote the Airport.

Mr. Capo advised of rent issues and rent credits that date back with AeroPremier. Chairman Lupo noted that standard policy of the Board is not to hear any requests if there are pending rent issues. The Committee will pass this issue to the full Board at which time this issue should be resolved. Mr. Rovira informed that rent is current however, there are issues dealing with the settlement that need to be vented. Charles Curtis, Counsel for the Authority, advised the Authority is currently reviewing new surveys of the premises and how they align with the lease which will be reviewed with AeroPremier to verify the amount of rent.

Mr. Metzger advised the Committee could vote on the issue being placed on the Board Agenda without recommendation for the March 22, 2012 Board meeting. Commissioner Heaton offered a vote to pass the request by AeroPremier Jet Center, LLC to transfer and assign lease to the Board without recommendation, seconded by Commissioner Hoffman and unanimously adopted.

2) Discussion of a resolution showing support for Bess Carrick's efforts in fundraising for the Lakefront Airport documentary

Commissioner Hoffman requested that the Board consider a vote of support for Bess Carrick's efforts in producing the Lakefront Airport PBS documentary to assist in fundraising as the Authority does not have the funds.

Commissioner Hoffman offered a motion to show Board support of Ms. Carrick's efforts in fundraising for the Lakefront Airport documentary, seconded by Commissioner Heaton and unanimously adopted.

Chairman Saizan explained that Ms. Carrick is a local independent documentary film producer who has produced a preview of her documentary on Lakefront Airport that will be licensed to PBS. Lakefront Airport is approximately 80 years old and has played an historic role as a general and passenger aviation facility on the Gulf Coast with military tie-ins related to World War II. This resolution of support will enable Ms. Carrick to show that the Board managing and operating Lakefront Airport is in favor of the documentary. Commissioner Heaton added that when the Authority was approached regarding access for the documentary it was made clear that the Authority did not have funding and it is not appropriate for Board members to approach vendors on the Airport to solicit funds for a

documentary. The resolution will verify that the Board believes in the documentary as this story needs to be told.

Chairman Saizan called for a roll call vote in which Commissioners Heaton, Baudy, Hoffman and Cantrelle were in favor.

OLD BUSINESS

1) Update on Airport Terminal Interior Renovation

Mr. Davis reported on minor ongoing asbestos issues at the Airport for which a plan is in action and a monitor is on site. There were minor areas with issues above the ceiling which were not accessible. This will not impact the schedule as of yet but a meeting is scheduled to discuss the issue. The new millwork is beautiful as all stones are matched exactly with the exception of one stone which is no longer available but a similar stone was found. There are minor issues with the sink that are being ironed out because the counter top was shifted one foot.

There are fears on the contractor's part dealing with material that could be hazardous. There have been air quality inspections and due diligence has been performed. The contractor has hired a qualified scheduler to reassess and put together a detailed schedule that will give a bigger picture going forward. There is a plan of action in place so any issues that arise do not stop the project. If something happens in one part of the building, the construction team goes to another part of the building. The last schedule date for completion of the Airport Terminal interior is the middle of August, but the recent events may impact that date slightly and there may be some cost involvement. Visible improvements at the Airport can be seen today.

Mr. Nelson added that a small amount of asbestos was discovered over the last week. PSC is there investigating every square inch of the Terminal Building to ensure there are no other concerns. The contractor has a professional scheduler who is generating training documentation for the sub consultants to have proper procedures in place advising how to deal with asbestos or lead should they come across it.

Mr. Davis informed that PSC is on site to investigate whether the asbestos recently found is something that was initially missed and a report on that issue will be forwarded upon completion. The places currently identified with asbestos are when we open new areas. The existing drawings from 1934 document the planned layout of all piping, plumbing and conduit but does not indicate whether there is insulation or lead paint. Most ceilings have been eliminated with less than 1% of the ceilings remaining in the building which could be worked around. There is fear on the contractor's part about doing anything in the building.

Mr. Nelson informed that in the specifications it is contractually required that if a hazardous material is suspected in a particular area it will not preclude work in the rest of the building. Mr. Davis the air quality is good and 85% of the building is clean so there is no reason not to proceed. The contractor has been on site every day, but does not have subs working regularly which was noted in e-mails to the contractor and which Mr. Nelson was copied. This should be resolved shortly as we have done much to put the contractor's concerns at ease. A report notes that air quality tests and reports clearly state the building is safe for occupancy and has been since January 2, 2012.

Commissioner Heaton requested an estimate on the dollars spent for the entire restoration of Lakefront Airport (inclusive of federal, FEMA, insurance and local dollars) come mid-August. Mr. Davis estimated the whole budget is going to be approximately \$80 million.

Mr. Davis informed that the art is protected, humidified and conditioned and is in the same condition as prior to starting construction on the building. There will come a time when the enclosures will be taken out. At that point, restoration of the art will be discussed.

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

Mr. Davis reported the Bastian-Mitchell Hangar is proceeding although there were issues with sway bracing over the main tress which was resolved in a meeting yesterday. Steel production and per-cast production is on schedule. The project is currently running clean as clockwork. Mr. Taffett forwarded aerial shots from a fly over showing the footprint of the building starting to take shape along with the office areas in the hangar. A resident inspector/construction observer is on site for five hours each day.

There was an issue with flood insurance on the James Wedell Hangar because the flood elevation certificate from Dading Marquez was missing information. This should be place by today at which point we will issue the Notice to Proceed.

Completion of the Bastian-Mitchell Hangar is scheduled for November and the James Wedell, assuming we start the NTPs and stay on schedule, should be completed in December.

Chairman Saizan questioned Mr. Nelson how we were coming with FEMA on the roadway. Mr. Nelson informed that the roadway issue with FEMA is number 6 on the priority list. Mr. Nelson requested something in writing in order to file an appeal and is currently awaiting a response.

3) Discussion on the Fiscal Year 2013 budget

Mr. Capo addressed projected revenue for land rents referencing the Lakefront Airport properties for Fiscal Year ending June 30, 2012. The Bastian-Mitchell, Walter Wedell, James Wedell and Terminal Building are current Airport leases in effect at the Airport which dollars should be coming along with those projected in the budget next year. If the schedule is completed at the end of the year for the Bastian-Mitchell, Wedell Hangars and the Terminal Building, revenues will start in April 2013. These revenues are based on the minimum of leasing just hangar space. The Bastian-Mitchell is approximately \$36,000 in revenue for three months in the last fiscal quarter of 2013 and the Wedell roughly \$34,000 from April 1, 2013 - June 30, 2013 along with some revenues from the Terminal Building.

Utility and insurance costs will be a big component for the Terminal Building. Chairman Lupo requested an Insurance Committee be selected to review all insurance issues. The Terminal Building will have approximately \$20 million in renovations with 21,000 square feet of leasable space at roughly \$1,000 per square foot. Insurance and utility costs on the Terminal Building will be factored in on the expense side. Insurance for the Airport is budgeted at \$410,000. Commissioner Hoffman noted that insurance costs need to be settled before the budget is adopted at the March 22, 2012 Board meeting. Mr. Davis is providing square footages and some energy consumption numbers to properly price the Terminal Building. We are anticipating \$1.3 million in revenue for Airport land leases next year.

Mr. Capo noted that Fuel Farm sales are approaching Fiscal Year 2010-2011 sales. We projected 2012 Fuel Farms sales at 2.3 million gallons which should be reached as the NCAA will provide a spike in fuel sales along with the four months of normal fuel sales. A bump from the Super Bowl of approximately 300,000 gallons would yield close to 2.6 million gallons of fuel for Fiscal Year 2013 resulting in \$664,000 in revenue from fuel sales.

A three year budget projection the Board has requested will be produced once numbers for the Terminal, Bastian-Mitchell and the Wedell Hangars are received.

Mr. Capo addressed budget Expenses and advised that personnel is a major item. The budget presented on January 24 included 10 budgeted firemen. Three firemen have been cut. As the Airport is applying for the Part 139 review these three may be added if required by the FAA. One fireman resigned leaving a vacancy that will be filled. Included in the budget are an Airport Director, Operations Manager and Office Coordinator's position, all in accordance with the plan submitted to the FAA for Part 139, resulting in a total personnel cost of \$764,000. Contractual Services includes insurance which is budgeted at \$410,000 and Utilities (water and gas) budgeted at \$207,000, two large items for the Airport. A loss of approximately \$80,000 is projected for the Airport next year.

Mr. Capo addressed the water meter issue and advised that the Authority owed the Sewerage & Water Board \$328,000 as noted on the last bill. A second confirmation advised that the Sewerage & Water Board owed the Authority approximately \$100,000 for two meters. A confirmation was requested and the Sewerage & Water Board advised that the bills as adjusted are correct. The last bill was not paid due to the large credit that the Authority has with the Sewerage & Water Board. The meter at the Orleans Marina is still outstanding.

ADJOURNMENT

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

ANNOUNCEMENT OF NEXT MEETING

The next Airport Committee meeting is scheduled for Tuesday, April 3, 2012 at 9:30 a.m.

The meeting adjourned at 10:47 a.m.