

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
THURSDAY NOVEMBER 5, 2013 – 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 5, 2013 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 Heaton called the meeting to order at 9:37 a.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman Wilma Heaton
Vice Chair Romona Baudy
Commissioner Pearl Cantrelle
Commissioner Darrel Saizan

STAFF:

Louis Capo - Executive Director
Sharon Martiny – Non-Flood
Vincent Caire – Non-Flood
Fred Pruitt – Airport Director
Dawn Wagener – Non-Flood

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Alton Davis – Richard C. Lambert Consultants
Steve Nelson – Stuart Consulting
Brayton Matthews – Flightline First
Addie Fanguy – Landmark Aviation
Jonathan Buff – Hawthorne
Walter Baudier – Design Engineering, Inc.
Chris Bonomolo – Bonomolo Limousines
Joseph Bonomolo – Bonomolo Limousines
Ray Landeche – Lakeshore Subdivision

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Baudy offered a motion to approve the minutes of the July 30, 2013 and September 5, 2013 Airport Committee meetings, seconded by Commissioner Saizan and unanimously adopted.

OPENING COMMENTS

Chairman Heaton commented regarding the coming New Year and reflected how far this Authority has come over the past year and thanked the members of the Airport Committee, staff, consultants and citizens for attending the meeting. This Authority has always reacted in crisis management to survive, but today marks the transitioning from a reactive stance to a proactive stance.

Chairman Heaton requested Commissioner Cantrelle research and determine strategy on a community outreach program where this Authority can be inclusive in determining what the community is looking for at the Airport and how the

Authority can be a better part of the community. The community is hopeful that the Lakefront Airport Terminal will have an economic impact on the community. The FBOs should also give suggestions on how this Authority can assist in making the FBOs more successful because the more the FBOs drive the economy, the more stable the Authority is.

Chairman Heaton noted that February 9, 2014 is the 80th anniversary of the original dedication of the Airport Terminal and requested Mr. Capo work with Mr. Caire and prepare a report on costs and avenues of an event to mark the 80th anniversary of the original dedication. Members of the arts community have been contacted to assist with underwriting an event to be held in the Terminal. The Committee should adopt a plan as this event is important and the entire Board should be included. The objective is to raise money to refurbish the murals and possibly make this an annual event.

REPORT ON CURRENT AIRPORT ISSUES

Mr. Pruitt reported the busy season for the Airport has begun and October's fuel receipts were 243,000 gallons; 10,000 gallons above last year. The fire truck is currently out of service and a mechanic has been called. The NOPD's Fourth District is on standby until the truck is repaired which could be expensive as water from the roof turret flooded the cab. The fire truck is old and on the CIP list for replacement.

Mr. Pruitt reported that bids for Terminal Building pest control were received and the low bidder was \$1,139 per year. Janitorial and security services were contacted to get estimates for cleaning services and security guards for the Terminal Building. Chairman Heaton requested that Mr. Metzger research the legality of a Cooperative Endeavor Agreement with the Constable or the Flood Authority to provide security as those costs are expensive.

NEW BUSINESS

1) Motion to recommend approval of a lease of Suite 121-A at the Airport Terminal Building to Bonomolo Limousines

Mr. Pappalardo informed that Bonomolo Limousine Company submitted a Letter of Intent regarding the intent to lease Office 121-A on the first floor. Alton Davis, RCL, produced a floor plan to divide office 121. Bonomolo will be a satellite office with rent being \$550 per month for the 252 s.f. office which is over \$23 per s.f.

Chris Bonomolo informed that Bonomolo will offer a diverse service to the Airport with one dispatcher receiving calls for the satellite office. Only scheduled vehicles will be at the Airport; no vehicles will be kept overnight. The service will not compete with the cabs, but is less expensive than a private car. Bonomolo charges more than a taxi due to newer, well-maintained vehicles and a corporate clientele.

Commissioner Baudy offered a motion to recommend approval of a lease with Bonomolo Limousines for Office 121-A in the Airport Terminal as recommended by staff, seconded by Commissioner Cantrelle and unanimously adopted.

2) Discussion and approval to change the Four Winds Fountain from an Improved Project to an Alternate Project to allow the Four Winds Fountain to be restored as an art piece instead of a working fountain

Steve Nelson, Stuart Consulting, noted that the Four Winds Fountain is currently an improved project. FEMA has allotted \$60,000 and there has been discussion regarding restoring the Fountain, but that cost is significantly higher than \$60,000.

Prior to Katrina, most of the nozzles feeding the fountain were in PVC piping and in bad shape. The Authority can request more funding from FEMA, but that

request will not gain much traction in the long run. The Authority can accept the \$60,000 from FEMA and replace the PVC piping, but some nozzles may not work as they were not functioning prior to the storm. There are two options: use the fountain as an improved project and leave it as a fountain or change the fountain to a stationary piece of art eliminating any maintenance expenses going forward. FEMA obligated \$58,000 for the fountain which could be used as an alternate project and the Authority would not take a 25% hit due to legislation related to Sandy. The Authority could use the \$58,000 to move the fountain or the fountain could be changed to a sculpture. There are no hard FEMA deadlines, but that is approaching as this project has been sitting for some time. The fountain is the next open PW and Stuart would like the Board to move forward with a decision.

Chairman Heaton stated that the fountain could be moved, but the figures may turn into gravel. The fountain is not prominent enough in its present location, but the Committee needs an understanding of what risks are involved in moving the fountain. The area that the fountain is presently located could be enhanced to make the fountain a real asset. This is an important issue that should be discussed openly to get feedback from the Board members.

Mr. Nelson advised that a rough estimate to repair the Four Winds Fountain at its present location is approximately \$700,000, which would restore the fountain to its full glory and address the integrity of the sculpture.

Walter Baudier, DEI, advised that DEI was selected to design the Four Winds Fountain. Several things occurred that may change the status of the Fountain. Commissioner Lupo would like to restore the Fountain as it was originally designed. Water Works looked at the Four Winds Fountain and believes the fountain and statues can be restored as originally designed. The \$700,000 is a ballpark estimate. The Authority could press FEMA for additional funds. Commissioner Lupo may have found a donor to help restore the Fountain as it was originally designed.

Chairman Heaton requested feedback from Commissioner Lupo to understand what the facts are because the Authority has to make a decision. A working fountain would mean a lot to the community even though it is not in a prime location. The area around the fountain could be enhanced to make a beautiful park space. Although the Authority does not have \$700,000 to restore the fountain, the restoration could be planned for the future through a collaboration of many efforts. This is one project the entire Board should have input on.

Commissioner Cantrell offered a motion to recommend to the Board to move forward with restoring the Fountain in its place, seconded by Commissioner Baudy and unanimously adopted.

3) Update by Stuart Consulting Group on Airport projects

Mr. Nelson reported that active construction projects begin with the James Wedell Hangar which will be completed during the first quarter of 2014. There have been issues with the sprinkler tank and construction of the steel truss over the door which delayed the project. The Authority is looking at approximately 200 days of liquidated damages beyond contract completion. Chairman Heaton requested that the Legal Committee get information regarding liquidated damages. Staff and Mr. Pappalardo should begin to market the Hangar and requested a proposal on what is recommended. The Hangar should be on the Board Agenda as an action item.

Mr. Nelson reported the Bastian-Mitchell Hangar is substantially complete and the Authority has beneficial use of the Hangar. The only outstanding construction item is cracking in the site paving. The contractor retained an engineer to prepare a report advising if the cracking is structural or superficial. The engineer of record indicated the cracking may be a structural issue and the contractor may be required to replace the site paving at the contractor's cost.

The interior spaces are completed and retainage in the amount of \$700,000 is being held until resolution of the site paving issue.

The Terminal Building is substantially complete and the contractor is working diligently to complete punch list items for Fire Marshall occupancy. There are some minor superficial punch list items under discussion with the contractor and \$186,000 in liquidated damages have been withheld above and beyond the retainage. Retainage and liquidated damages are being withheld pending completion of the punch list items. Mr. Nelson advised that Mr. Metzger is copied on correspondence and any issues relating to legal will involve Mr. Metzger and the Legal Committee.

The Walter Wedell Hangar could be utilized as an alternate/improved project. RCL provided an estimate in the amount of \$6 million for the Walter Wedell Hangar. The current PW is approximately \$4 million. A request for the additional \$2 million will be submitted to FEMA, but it will not be a quick process. FEMA will question why the Authority is requesting the funding and if the funding is reasonable. The South Shore Harbor Master Building was obligated for \$1.3 million which will cover retainage for Bastian-Mitchell and the Terminal. By the time the Bastian-Mitchell, Terminal Building and James Wedell projects close out the Authority should have all of the funding available. There is time to negotiate with FEMA on the Walter Wedell and other alternate projects until a solution is reached by all parties. There will be no cash flow issues. There are three levels of priority including active construction projects which the Authority has the funding to complete. The Walter Wedell will be used as an alternate for projects off the Airport. A list is being prepared to determine what funds could be used for other capital projects and where funding can be applied.

Chairman Heaton noted that the Board needs a clear understanding of what funds can be used for operating expenses. Mr. Nelson advised that the insurance deductions (insurance penalties) that the Authority has already paid out will be a reimbursement and could be used for whatever the Authority wants. There is over \$1 million in funding for the Terminal exterior that the Authority expended from its own coffers that could be reimbursed and used for operating expenses and other capital projects. Chairman Heaton noted for the record that this is a one-time, non-recurring funding source that should be footnoted by staff when the budget is prepared.

Mr. Nelson advised that the South Shore Harbor Master Building currently has \$1.3 million and Stuart will pursue further funding from FEMA. Additional funding for the Chevron Office Building has been requested from FEMA, but a response may take time. Mr. Dixon and the Marina Committee will prepare a list of projects for the Board to decide what pots of money are to be drawn from. Chairman Heaton noted that the final recommendation must go before the Board.

4) Discussion regarding staff office space on Airport property

Chairman Heaton noted that this item is general discussion regarding the staff at Spanish Fort. The goal was for staff to be located in the Terminal Building, but the Authority is trying to grow the Airport and cannot pay Class "A" office space that a tenant can.

Mr. Capo advised that Hawthorne Aviation (previously AeroPremier) exercised the option to give up the second floor of Building 101, which is approximately 11,000 s.f. Staff is presently operating out of 2,200 s.f. in the Lake Vista Community Center. The second floor of Building 101 would consist of offices for staff and the Board room, but only 300 square feet of the second floor is built out. There are no estimates to build out the second floor. Mr. Pruitt's office was designed as a conference room and is the only office that is built out. To be ADA compliant the building has to be retrofit with an elevator which is approximately \$140,000-\$160,000. The building is inside of the fence line, which would have to be moved back to provide public parking. The building would be a multi-tenant

building and the Fire Marshall requires four entrances to the second floor to provide ingress and egress. The move would provide adequate space for staff and a board room. The three offices that staff occupies at Lake Vista Community Center could then be put back into commerce. Chairman Heaton noted that the Authority would not lose rent by staff moving to the Airport because the space in Hawthorne (Building 101) cannot be rented. Mr. Pruitt noted that the area has been vacant since Hurricane Katrina when the National Guard moved out and the building reverted back to the Authority. Mr. Capo advised that FEMA money for Hawthorne went to the sub-applicant, Division of Administration. The Authority would be required to provide monies for the build-out or use some of the monies from the Wedell Hangar that is not being rebuilt. If the office space at Hawthorne is not used by staff, the space would eventually collapse and be torn down. Chairman Heaton noted that the office space at Spanish Fort could then be leased. Relocating staff to the space at Hawthorne would put more economy at the Airport as staff would frequent the restaurant.

Mr. Pappalardo informed the Committee that the building was a single user building constructed for the National Guard. Hawthorne (AeroPremier) opted to re-lease the second floor to the Authority one year ago. The first floor is occupied by Hawthorne so common areas would have to be delineated. The fence would be moved creating a secure walkway that could possibly be expanded for installation of an elevator. Hawthorne has a secure entrance from the hangar and the Authority could utilize the second floor entrance. Without turning the building into a two tenant building, the Authority would never get a benefit from the second floor. Discussions are underway regarding dividing the cost of utilities. This is a good place to locate the Authority's staff offices and putting property presently in mothballs into use. Relocation of staff would free approximately 3,700 s.f. of office space in the Lake Vista Community Center which could be leased to the public. Depending where the elevator is located there is the possibility of a third tenant that could lease space in the building. This is a workable situation, but a feasibility report is needed. Members of the Board could tour the building and Mr. Pruitt could indicate where the fence line would be moved. The key is not to interfere with Hawthorne's FBO operation and to put the second floor into commerce.

Chairman Heaton requested staff gather more information for a presentation to the full Board.

5) Discussion regarding Monument sign for Airport Terminal

Alton Davis, RCL Architecture, advised that the original signage project designed for Lakeshore Drive and the Airport included two pre-cast monument signs. The two monument signs were separated and re-bid as concrete block signs with a stucco or wet cement finish that looks like pre-cast, but the cost was not reduced enough to make the Board comfortable. A metal sign was added to replace one monument signs located at the end of Downman Road. The second sign made of concrete block that included lighting on both sides came in at approximately \$36,000 and is to be located at the entrance to the Terminal. The same sign made of metal came in at \$16,000. The sign includes an interchangeable panel in the event of a new tenant and is double sided. Mr. Pruitt noted that the sign is needed to indicate where Flightline and Landmark Aviation are located. The monument sign is preferable, but the money is not in the budget.

Addie Fanguy, Landmark Aviation, noted that pilots have complained that there is no lighting on any of the signs at night. Mr. Davis informed that all signs are located near light poles and could be wired for approximately \$2,000. Chairman Heaton suggested the issue be put on the Finance Committee Agenda to be vetted so the full Board can make a decision.

6) Update regarding the RFP for the Bastian-Mitchell Hangar

Chairman Heaton informed the Committee that proposals were due November 1, 2013 and opened after the close of business. Mr. Pappalardo advised that the

two proposals were from FBO tenants at Lakefront Airport; Landmark Aviation and Hawthorne Global Aviation Services. Both proposals were for the FBOs to operate the facility in conjunction with their present FBO operation.

Hawthorne Global Aviation Services proposed a base rent of \$100,000 per year and additional rent for insurance on the Bastian-Mitchell Hangar of \$163,369. Hawthorne proposed a 30 year lease with four 5-year options, which if taken to full term would be a 50 year contract. Landmark Aviation proposed \$84,000 per year and \$163,360 in additional rent and requested the Bastian-Mitchell Hangar be folded into Landmark's present lease. One year remains on the current lease with three 5-year options. Landmark proposed two additional options be granted in conjunction with the current lease for a 26-year term.

Jonathan Buff, General Manager of Hawthorne, advised that the proposal was prepared by Hawthorne's corporate staff. Hawthorne looks forward to occupying the facility. The facility adjoins the Hawthorne leasehold and provides optimum use in terms of smooth operations. There is a limitation in terms of ramp space, but as the hangar adjoins Hawthorne's property it provides the opportunity to utilize both ramp areas and gives the size and ability to store larger aircraft in the facility. Hawthorne is developing a plan with current tenants in the north hangar that would move those tenants and use the north hangar for maintenance and flight school operations. A Part 91 operator could utilize the hangar or a 91-K operator such as Net Jets could utilize the facility.

Addie Fanguy, Landmark Aviation, informed the Committee that Landmark was the only FBO in business five weeks after Katrina hit operating out of a trailer for over one year with no electricity. Landmark sustained millions of dollars in damage and had it not been for Landmark Lakefront Airport would not be here. The facts are based on Landmark's strength in operations such as the Super Bowl which was an overwhelming success. Landmark did the predominate amount of business and had the majority of fuel sales, but netted less money than other FBOs to ensure that Lakefront Airport looked positive to get the Super Bowl back. Landmark has obtained a Letter of Confidentiality from an individual whose company is relocating and would take three quarters of the hangar and office space. Fuel sales would go up 250,000-300,000 gallons per year adding \$75,000-\$100,000 to the Management Authority's revenue. It is possible the company would enter into the lease in December. This would be an additional four large jets at Lakefront Airport along with a G-5 Gulf Stream and a large helicopter to shuttle executives. The letters are signed and this business would be a big shot in the arm for Lakefront Airport. The power and performance of Landmark Aviation should be considered when looking through the bids. Landmark's networking capability is another reason Landmark was able to lure this company over. If the company does not get the bid, the company will relocate to another airport. The lease expires at the end of the year so time is a constraint. Landmark's past performance as an FBO has been leading this field for the past 20 years. When the additional 45 parking spaces is taken into consideration it is really a wash on the bid.

Chairman Heaton requested Mr. Fanguy attend the next Board. The Authority opened the bids Friday evening and has to perform due diligence as this issue is taken very seriously. This is a major decision for Lakefront Airport as the Authority moves forward.

7) Discussion and approval to extend RCL's contract for the James Wedell Hangar until March 31, 2014 due to construction delays by the contractor GM&R Construction Company, Inc.

Alton Davis, RCL, advised that RCL's contract terminates each year on December 31st. As there was no quorum last year, the concern is there will be no quorum in December. The Wedell Hangar is running late and RCL wants to make sure there is a contract on file to do the work that is needed.

Commissioner Baudy offered a motion to extend RCL's contract until March 31, 2014, seconded by Commissioner Cantrelle and unanimously adopted.

ADJOURNMENT

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

ANNOUNCEMENT OF NEXT MEETING

The next Airport Committee meeting is scheduled for Tuesday, December 3, 2013 at 9:30 a.m.

The meeting adjourned at 10:56 a.m.