

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
TUESDAY APRIL 1, 2014 – 9:30 A.M.**

The regular meeting of the Airport Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, April 1, 2014 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 9:38 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 Michael Stack

FURTHERMORE PRESENT:

Commissioner Robert E. Smith Lupo

STAFF:

Louis Capo - Executive Director
Sharon Martiny – Executive Assistant
Fred Pruitt – Airport Director

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Steve Nelson – Stuart Consulting Group
Brayton Matthews – Flightline First
Bonnie Schumaker – Flightline First
George Messina – Messina’s Lakefront
Alton Davis – Richard C. Lambert
Brian Anderson – AFL
Brent Russell – Hawthorne
Bill Koch – Hawthorne
Michael Smith - LMA

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Cantrelle offered a motion to approve the minutes of the Airport Committee meetings of December 5, 2013 and January 7, 2014, seconded by Commissioner Stack and unanimously adopted *in globo*.

REPORT ON CURRENT AIRPORT ISSUES

Lakefront Airport sold 227,872 gallons of fuel in March bringing fuel sales to \$1,676,508 for the fiscal year. Two blimps will come to Lakefront Airport in April, and the Airport will receive \$300 per day per blimp. Drain work by Flightline was advertised March 28, 2014 and responses are due April 11, 2014. The infrastructure is 30 years old and is in need of repair. The major section of the pothole has dropped 3-4 inches indicating a hole in the drain system that is sucking the subsurface from underneath the concrete. The cost of the repair is estimated at \$5,000-\$10,000 depending on the cost of the sewer line that has to be capped and filled.

The drainage infrastructure at the Airport was built in the 1930's and the FAA has a study of the infrastructure scheduled for next fiscal year's funding. Work could start by mid-summer with the study. The study will also include solutions of how to keep the Airport from flooding and members of the Committee will receive updates regarding the matter along with the actual proposal from URS. The rain on Friday was an unbelievable amount during a very short time and the drains could not handle the capacity. The Flood Authority sent personnel out to ensure drains were open. Other issues at the Airport require an analysis because the Airport cannot function when water does not drain.

PRESENTATIONS

George Messina - Messina's Lakefront, LLC

The Champion's Dinner was held at Lakefront Airport and approximately 150 people attended. A pre-cocktail party and Hors d'oeuvres were served in the Walnut Room and dinner was served in the Atrium, which was very well received. The cooking, preparing and staffing was performed in-house with the event beginning at 5:30 p.m. and with the Walnut Room Bar set up for the Cocktail Hour. Children's Hospital held the Sugar Plum Ball in the Walnut Room and up-lighting gave the Walnut Room a different look. The Facebook page, Messina's At the Terminal, displays multiple pictures of various events held at Lakefront Airport. The Yat Pack played in the Atrium, which was decorated in an Airport theme with aircraft displays, old luggage and numerous pictures. Approximately 800 people were in attendance for the event and the café was used as one of the bars. Parking for the 800 guests required valet service and use of the east side parking lot. Mr. Messina provided all required insurance information necessary to cover the liability issue. A hold-harmless was obtained along with representation from Messina's counsel that Messina's liability policy provided coverage for areas outside of the leasehold. The weather was a challenge and at one point there was minor flooding by the wall. It was very intense rain, but the event proceeded with no problems. Saturday an event for the New Orleans Chapter of the Lakes will be held at Lakefront Airport. The Lakes is an organization of black women that includes three chapters in New Orleans and approximately 15,000 women all over the world. The café will be open within the next 10-12 days. Customers will eventually be able to dine in the bar area, which is the second step in opening the café. Breakfast on the weekends will begin in approximately two weeks. There will be a grand opening in June for party planners and there will be a soft opening for the café.

The fire truck had issues which required a mechanic who advised that the truck was also in need of two new tires. The cost is approximately \$5,000 and is not in the budget. Chairman Heaton suggested utilizing the state contract, which will save the Authority money. The state contract should be checked first for everything no matter what the item is.

NEW BUSINESS

1) Update by Stuart Consulting Group on Airport projects

The Bastian-Mitchell Hangar project is complete. The contractor has not yet responded to the issue addressing concrete repairs on the apron. The Authority will obtain pricing for the required repairs to remedy the issue if the contractor does not respond. Members of the Airport Committee will be updated and the item will be placed on the Board Agenda as a follow-up.

There are remaining outstanding items at the James Wedell Hangar that the Fire Marshall has to come back and inspect on April 14, 2014. Issues include sequencing of the fire alarms. The Fire Marshall has not issued a Certificate of Occupancy and the contractor has two weeks to get this finalized. The liquidated damages clock is running and estimated damages are between \$200,000-\$250,000 depending on the last change request. Substantial completion should be obtained in the next month.

A letter was received from Lathan's attorney and a response was received from RCL addressing issues with the portico roofs on the Terminal Building. The contractor claims the warranty remains in place, but there was leaking under the portico with the recent rain event. If the warranty is in force and the contractor's remedies are in place, the contractor who supplied the roof will be contacted and his warranty will be requested to get the roof replaced as further leaking will result in additional damage. The contractor will be put on notice and advised that the roof either be repaired or the Authority will obtain pricing and bill the contractor for necessary repairs. This issue has been going on for quite some, but shows only during a major rain event. There is photographic evidence documenting the ongoing issues.

The Terminal interior contractor, Belou-Magner, has been paid up through the \$196,000 in liquidated damages, which at this point are contractually the Authority's. Walton's legal counsel requested a meeting, but at this point the contract is finished for all intents and purposes.

2) Discussion regarding the status of the PAPI lights at Lakefront Airport

Frank Landrum, FAA, advised that upper management at FAA ordered a stand down on the PAPI lights until they decide what they are going to do with all of the systems. Mr. Landrum did not give me a name and has issued nothing in writing. Chairman Heaton requested the chain of conversations. The Authority has come too far to now be issued a stand down, which is not acceptable as lives are on the line.

3) Discussion regarding landscaping for the front of the Lakefront Airport Terminal Building

Six landscaping companies will perform site visits at Lakefront Airport to address landscaping; three of which are DBEs. ServiceMaster did reach out to do landscaping until a monthly contract is secured. The Terminal Building will host major high caliber events, which require that landscaping be maintained around the Terminal Building. After landscapers view the grounds the Authority will receive proposals within one week.

4) Discussion regarding roof repairs on the Fuel Farm Terminal Building in the amount of \$5,000

The Fuel Farm Terminal Building has roof leaks on the original roof installed in 1988. Several contractors were called upon to determine which way to go; a temporary fix for approximately \$5,000 or total replacement for approximately \$28,000. The roof is a 28-year-old flat roof with a leaking issue and if repairs are made there is no guarantee the roof will not leak somewhere else. The majority of the problem is the gutter system, which ties into the bottom of the flat roof. Stuart Consulting will draw up specs for the formal bidding process. Two companies recommended repair and the remaining companies recommended full replacement. Stuart Consulting has hired AGL for other roofing jobs, but AGL is not currently under contract for this particular building.

Brian Anderson, AGL Architecture, advised that AGL inspected the Fuel Farm Building in September of 2013. Experts recommended the roof be replaced due to the age of the roof. As the gutters are built into the roof system, those gutters would be pulled and replaced. Commissioner Stack suggested alternative funding be reviewed, such as DOTD Aviation Division for the roof and drainage issues. Mr. Pruitt advised FAA funding starts at the runway. Drainage issues are part of the yearly maintenance funding, which is not 100% fully paid.

The particular building is cinder block and concrete and damage is located by the front entrance door and does not impact operations and/or customers as long as the issue does not move to another area. There are other issues that need to be addressed at the Airport. Commissioner Lupu clarified that the roof is 28-years-old. The Authority should not spend \$5,000 on a 28-year-old roof that has a leak that is not damaging anything. During a meeting with the FAA including Mr.

Capo, Mr. Pruitt and myself, a prioritized list was prepared with FAA addressing what Lakefront Airport needed. A process was laid out on what to ask from the FAA in phases. A separate non-FAA priority list outlined conditions of the Airport that needed to be addressed in the future.

Commissioner Baudy noted that the Committee cannot assist in making a decision if the required information is not provided by staff. It becomes more frustrating because a list of priorities was previously prepared. Staff should have that list as this issue is not all on Mr. Pruitt.

Chairman Heaton requested that the recommendation to replace the roof be presented to the Finance Committee and the item be placed on the Board Agenda. The Authority will work toward a total roof replacement, but there is work to be done between now and the Finance Committee meeting. This item is a big impact on the budget and an emergency list of items is needed for the Airport so the Committee can prepare a comprehensive plan going forward for the next five years.

5) Discussion regarding the responses to the RFQ/P for the James Wedell Hangar

Only one proposal was received in response to the RFQ/P for the James Wedell Hangar, which was expedited to the entire Board for review. The Authority can reserve the right to decline the proposal. There is a piece of vacant property that the Authority wishes to lease and this matter should proceed forward.

Mr. Metzger advised that the Authority is in a unique position and can, without putting this out to a bid, enter into a lease of any property in the reclamation zone. Lakefront Airport is in the reclamation zone and the Authority is on solid grounds.

Bill Koch – Hawthorne Global Aviation

Mr. Koch brought Hawthorne's proposal for the James Wedell Hangar before the Committee. The proposal is consistent on a square foot basis with the recent competitive process on the Bastian Mitchell Hangar. Hawthorne has a significant investment in the Airport and is part of a larger rapidly expanding nationwide network. Six additional locations are in various stages of acquisition and development and will become part of a larger national network which will significantly benefit Lakefront Airport. Brent Russell is Hawthorne's General Manager and a new addition to the Hawthorne team.

Chairman Heaton noted for the record that Mr. Metzger reviewed the documents which were compliant with the request. Mr. Pappalardo advised that the proposal for the base rent is \$75,000 per year and payment of the Authority's insurance premium. Adding the two rents totals \$6.62 per square foot which is incrementally higher than the Bastian-Mitchell Hangar rent. The James Wedell Hangar is 29,067 feet and Hawthorne is proposing a 30 year lease with four 5-year options and a CPI increase each year on the base rent. The proposal submitted is in line with market.

Chairman Heaton offered a motion to move this matter forward to the Board, seconded by Commissioner Baudy and unanimously adopted.

PUBLIC COMMENTS

Mike Smith – Landmark Aviation

Mr. Smith advised the Committee of Landmark's concerns regarding the punch list for the Bastian-Mitchell Hangar, which has not been completed. The Hangar door tracks are filling with water causing backflowing into the Hangar three feet wide to the middle of the Hangar. There are issues with the Hangar doors failing and have failed on several occasions during the past three months. Landmark has no idea how to operate the fire suppression system or keep it maintained. The contractor advised during the initial walk-through that the new diesel engines for the fire suppression could be turned on, but an alarm will be set off somewhere. There is also no fuel in the diesels. The air compressor is not wired and has not been wired. There is a 1½ inch gap at the roll up door on the south side where water comes in. Various e-mails were sent to the contractor as well as the Airport Director. Both the contractor and the Airport advised they are not responsible for the punch list.

Mr. Capo advised that the issues have been presented to the architect and contractor. The contractor advised that the doors were installed per the drawings and the hangar tracks were designed with no drain lines. It is a contractor/architect issue. Chairman Heaton advised that the Authority tries to set policies to be implemented and requested a meeting with Mr. Fanguy of Landmark, the Authority and the contractor as this situation is unacceptable. There is a reason for this and this Committee will get to the bottom of it.

Commissioner Stack advised the Committee that Mr. Smith should not be inserting himself in a dispute between the Authority and the contractor and apologized on behalf of the Authority. The Authority's commitment to Landmark is that the retainage will not be released until the issues are resolved. It is not acceptable to kick the can down the road while the FBO has operational issues. Chairman Heaton agreed and noted that the tenant has real operational challenges because of this issue, which the Authority will work to get resolved.

Bonny Schumaker – Flightline First

Ms. Schumaker clarified that the income from the James Wedell Hangar includes insurance payments which are a pass through. The Authority pays insurance costs and FBOs reimburse those costs. The hangar building is approximately 29,000 plus square feet and the ramp is 105,000 square feet. If the Authority accepts the \$75,000 rent from the two leases the rent would amount to \$2.45 per square foot in the hangar buildings and .04¢ per square foot for the paved ramps. Current charges for the 80-year-old Williams Hangar to Flightline are \$4.02 per square foot for the hangar and .64¢ per square foot for the paved ramp. The total is \$187,360 per year in rent.

Commissioner Stack requested that this broken down to what is being paid for each hangar and addressed during negotiations, the total and the bottom line. It would have been preferred that Flightline submitted a proposal. Ms. Schumaker advised that Flightline could not afford to submit a proposal because Flightline pays so much. Commissioner Stack noted that his concern is at every meeting it is put on the record that the Authority is doing something wrong. The more information that is put into these issues, the more the Authority can show it has nothing to hide. The more information the better; I want as much information as I can have. I will be

the first to resign from this Board should I determine something is not right. I have a problem in that every meeting it is noted in the record the Authority is doing something wrong. Now Flightline is under the assumption that too much rent is being paid. I have full faith and trust in Mr. Pappalardo and his analysis.

Brayton Matthews, Flightline First, advised that contractors have been using Flightline's gates to get to the Terminal Building and the party planners escorted vehicles in recently. Flightline's gates had to be locked to keep people out because the ramps are pretty crowded and people driving in and out are not a good. I was informed that the gate at the west of the Terminal Building is inoperative. This gate should be repaired to give the contractors easy access to the Terminal. If someone requires entrance through Flightline gate, Flightline's linemen are required as Flightline is held responsible if an aircraft is damaged. It is also a safety issue for Flightline due to the tight ramp area. There is another gate that has a power issue, which to date has not been repaired as the short cannot be detected. The gate is fully functional, but the power cannot be restored to the gate.

Mr. Metzger reported that a meeting is scheduled for April 10, 2014 with Chairman Scott and Cedric Grant to address the Mosquito Control leases. The City has agreed to cancel the warehouse lease, but wishes to negotiate a lease on a Hangar. The FAA advised that rent has to be for fair market value. This is the Authority's last demand before eviction.

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, May 6, 2014 at 9:30 a.m.

The meeting adjourned at 10:59 a.m.