

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE AIRPORT COMMITTEE MEETING
TUESDAY MAY 6, 2014 – 9:30 A.M.**

The regular meeting of the Airport Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, May 6, 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 9:33 a.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman Wilma Heaton
Commissioner Pearl Cantrelle
Commissioner Michael Stack

FURTHERMORE PRESENT:

Commissioner Robert E. Smith Lupo

ABSENT:

Commissioner Romona Baudy

STAFF:

Louis Capo - Executive Director
Sharon Martiny – Non-Flood
Dave Smith – Lakefront Airport Operations Manger
Dawn Wagener – Non-Flood

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Chris Fenner – Stuart Consulting Group
Alton Davis – Richard C. Lambert
Tim Avegno – Eagan Insurance
Brayton Matthews – Flightline First
Bonnie Schumaker – Flightline First
Brent Russell – Hawthorne
Michael Liebert – Tenant, Orleans Marina

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 March 6, 2014 Airport Committee meeting, seconded by Commissioner Stack and unanimously adopted.

REPORT ON CURRENT AIRPORT ISSUES

Dave Smith, Airport Manager, reported that the Wildlife Study will be funded by the FAA. A contractor will perform the wildlife study, which will take some time. The taxiway improvement project will begin in approximately two months and will crack seal and seal coat the taxiways on the east side of the field. The taxiway improvement project will start in two months. The runways are in much better shape than the taxiways, so that project has been delayed for one year.

Demolition has begun on the concrete at the Bastian-Mitchell Hangar. There have been several meetings with the three FBOs and the agreed start date is

May 5. The executed lease for the James Wedell Hangar with Hawthorne was received and is effective June 1, 2014.

OLD BUSINESS

1) Update by Stuart Consulting Group on Airport projects

Chris Fenner, Stuart Consulting, reported many Airport projects are winding down. The State Fire Marshall walkthrough for the James Wedell Hangar is scheduled next week. There have been previous walk-throughs, but no Fire Marshall approval has been given to date. There have been problems with the fire suppression system, the fuel and having the sub-contractor show up for the walk-through. The contractor has requested a meeting with the Authority, legal counsel and the contractor's attorneys to discuss liquidated damages and additional time added to the project.

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

The FAA has the PAPI lights for 36-L assembled and an installation team will arrive June 1, 2014 to install the lights. An actual flight check will be scheduled with the FAA and the PAPIs will be up and operating July 1, 2014 along with the 18-L REIL lights. PAPIs for 36-L are most important as there is no electronic glide slope at the big runway. Other PAPIs are a matter of funding with the FAA, which is studying a removable unit. Removable PAPI units can be removed and stored in the warehouse and reinstalled after a storm, but may not have full FAA certification. Chairman Heaton requested the schedule for the PAPI and REIL lights for circulation and requested this item stay on the Agenda until it is resolved.

NEW BUSINESS

1) Discussion regarding lease of the McDermott Hangar to Hawthorne New Orleans, LLC

Mr. Metzger advised that Hawthorne had a long-term lease on the National Guard Hangar and a five year lease on the McDermott/Tidewater Hangar. The McDermott/Tidewater lease term was June 1, 2008 through May 31, 2013, and that lease has expired. A CPI increase was imposed as if Hawthorne had an option to extend, but there was no option as the lease was a five year term. Bill Koch advised that Hawthorne opted to extend the lease and also believed there was an option. To extend, a lease amendment with Hawthorne is needed on this lease. Hawthorne is requesting a 14 year term consistent with the National Guard and James Wedell Hangars. Rental payments on the McDermott Hangar are \$171,055.20 per year. Hawthorne pays flood and property insurance of \$181,766.00 per year.

Mr. Capo advised that office, shop and hangar space are broken down into components on the McDermott lease. Office, shop space and hangar rates rose due to CPI and Hawthorne has been paying for the McDermott Hangar. Any prior rent credits do not apply to the McDermott Hangar, only the National Guard Hangar. Of the \$130,000 left in rent credits, Hawthorne takes \$8,000 per month and has approximately 18 months left. The McDermott Hangar lease with Hawthorne expired over one year ago, but the Authority believed there was an option. Hawthorne continued to pay at the high rate as if there was a lease.

Mr. Metzger explained that this lease expired in May and should have been brought before the Committee in June of 2013. In the past, Hawthorne and Landmark approached the Authority and entered into those leases; no RFP was issued. RFPs were issued for the new Bastian-Mitchell and James Wedell Hangars to see if the Authority could expand the market and interest of Lakefront Airport outside of the New Orleans area.

Brent Russell, General Manager at Hawthorne, stated that Hawthorne is interested in maintaining or renewing the lease to maintain the hangar facility as the hangar is fully utilized at this point.

Mr. Capo informed that the real estate experts recommended lump sum rents, but a lump sum is not recommended on this lease. This is an amendment to a lease extending a lease under the same terms and conditions, which is what Hawthorne requested. This is a recommendation to renew with an existing tenant.

Commissioner Stack offered a motion that the lease with Hawthorne be renewed. Commissioner Cantrelle seconded the motion.

PUBLIC COMMENTS

Bonny Schumaker – Flightline First

Ms. Schumaker noted that the right thing for the Authority would have been to open the hangar to other FBOs on the airfield to enter into a lease. At this point there is one FBO with three hangars, one FBO with two hangars and is requesting a third hangar and there is a third FBO with only one hangar, which is the shortest and smallest hangar on the field. At least one of the FBOs may have been interested in the McDermott Hangar, but there was no mention that the hangar was available.

Brayton Matthews, Flightline First, suggested an RFP be put out on the hangar to determine what the market would bring in. This hangar should go back into commerce as the lease is expired. Chairman Heaton advised that the motion is to recommend the lease be renewed with Hawthorne. Commissioner Stack is in favor of the motion. This is a lot of information to digest in one meeting. The item could be sent to the Board without recommendation.

Commissioner Stack clarified that the lease expiration was an oversight, but the Authority is getting above Fair Market Value for the hangar and legal counsel advised that all legal terms are being met. Hawthorne had no ill intentions by overlooking the lease. I am willing to move forward with a recommendation to the Board for further discussion.

Chairman Heaton advised that the motion failed for lack of majority vote. The issue will go to the full Board for a decision and staff is requested to circulate the recommendation and the reason to the full Board prior to the Board meeting. FBOs are urged to be present at the May 22, 2014 Board meeting.

2) Discussion regarding an appraisal and valuation of the McDermott, National Guard and Williams Hangars at Lakefront Airport for insurance purposes

Mr. Capo reported that Winn Perkins appraised the Williams Hangar at \$3.176 million. Mr. Perkins will proceed with an appraisal of the McDermott and National Guard Hangars as there have been no appraisals performed since Hurricane Katrina.

Commissioner Lupo clarified that Stuart Consulting provided an appraisal of the Williams Hangar in the amount of \$9.1 million and Winn Perkins, Airport Real Estate Expert, provided an appraisal of \$3.176 million. The Authority would be paying a much higher premium using the \$9.1 million number. Chairman Heaton advised that neither the Authority nor the FBO can afford to pay a penny more for insurance. There comes a point where this Authority cannot continue to load the tenants with these expenses. This matter will go back to the Insurance Committee for further discussion.

Mr. Avegno prepared a schedule of insurance using \$3.1 million for the Williams Hangar which came out to \$108 per square foot. This was also used for the

National Guard and McDermott Hangars. The value of the Lake Vista Community Center was lowered to \$100 per square foot and submitted to the market. The appraisal of the Williams Hangar was sent to the marketplace stating the valuation is based on the appraisal and advising that appraisals on the two remaining hangars will be provided within the next 60 days. Chairman Heaton noted that this would net a lower premium for the Authority and its tenants, which is what the Authority is headed for.

Ms. Schumaker stated that Flightline obtained an appraisal from certified commercial appraiser Airport Business Solutions, which appraisal was \$2,505,601. There is a full summary of the discrepancies that lead Flightline to believe the lower appraisal is more appropriate. Chairman Heaton requested this information be circulated before the full Board meeting to the full Board and the Authority's insurance agent.

Chairman Heaton advised that the matter would go to the full Board, who will be provided with Winn Perkins appraisal, Flightline's appraisal and comments to Mr. Perkins' appraisal and Mr. Perkins' comments prior to the May 22, 2014 Board meeting. For the record, this issue will not be decided today.

3) Motion to request rescission of Resolution authorizing lease of Suite 121-A in the Lakefront Airport Terminal Building to Bonomolo Limousines

Mr. Capo advised that the Board approved a Resolution granting Bonomolo Suite 121-A in the Terminal Building in December of 2013. E-mails have been forwarded and calls have been made to Bonomolo requesting that the lease be signed. Bonomolo indicated there were questions regarding the build out, which Mr. Pappalardo answered satisfactorily. Bonomolo has not contacted the Authority regarding this issue. Mr. Metzger advised that the procedure to have the property released into commerce is to have the Resolution rescinded.

Commissioner Cantrelle offered a motion to rescind the Resolution, seconded by Commissioner Stack.

PUBLIC COMMENTS

Alton Davis, RCL, advised that RCL has not received the amendment for the contract extension from March 31 through May 15, 2014. Mr. Metzger advised that a Resolution was adopted and that the Resolution was until the contract was completed.

ADJOURNMENT

Commissioner Cantrelle offered a motion to Adjourn, seconded by Commissioner Stack and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

The next Airport Committee meeting is scheduled for Tuesday, June 3, 2014 at 9:30 a.m.

The meeting adjourned at 10:34 a.m.