

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE JOINT AIRPORT / LEGAL COMMITTEE MEETING
MONDAY DECEMBER 15, 2014 – 3:30 P.M.**

The special Joint meeting of the Airport/Legal Committees of the Non-Flood Protection Asset Management Authority was held on Monday, December 15, 2014 at 3:30 p.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 3:42 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT: (Airport Committee)

Chairman Wilma Heaton
Commissioner Michael Stack
Commissioner Pearl Cantrelle

ABSENT:

Commissioner Romona Baudy

PRESENT: (Legal Committee)

Chairman Patrick DeRouen

ABSENT:

Commissioner Thomas Fierke
Commissioner Leila Eames

FURTHERMORE PRESENT:

Chairman Greg Ernst

STAFF:

Cornelia Ullmann - Chief Operating Officer
Sharon Martiny – Administrative Assistant
Dawn Wagener – Comptroller
Fred Pruitt – Acting Airport Director

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Chris Fenner – Stuart Consulting Group
Brent Russell – Hawthorne
Addie Fanguy – Landmark Aviation
Bonny Schumacher – Flightline First
Brayton Matthews – Flightline First
Jim Martin – DEI
Tim Avegno – Eagan Insurance
Richard Speer – URS
Tom Long - Resident

OPENING COMMENTS

Legal Committee Chairman DeRouen waived opening comments.

Airport Committee Chairman Heaton reported she, and representatives from GOSHEP and Stuart met in Washington D.C. with FEMA, the FAA, and the Louisiana Congressional delegation regarding hazard mitigation money to fund a 100% flood protection project for Lakefront Airport. Generally, the response was positive and Chairman Heaton shared a copy of the letter from Sen. Landrieu. This project augments the flood wall that is at the airport to protect what has been built and restored. The biggest hurdle is that the airport is located in a “V” zone. FEMA is expected to meet with their Legal Department in January regarding their interpretation of the regulations.

In its prior resolution, the Board unanimously approved allocating \$400,000 for the Customs build-out as the number one alternate project and the number two project being approximately \$350,000 in renovations to the Lake Vista Community Center to refurbish office space, check on possible subsidence on one side of the center in order to generate additional rental income of approximately \$80,000. The SLFPA-E Finance Committee has agreed to enter into a written memorandum of understanding with NFPAMA to jump start the top two projects. The SLFPA-E board is required to give final approval. Funds from the alternate project would be allocated to these two projects as a priority.

Customs is a long term attraction that will enhance the FBO's businesses. Customs has the approval to come to Lakefront Airport, but the build-out must be done at federal specs. The build-out was originally estimated at \$1.5 million, but Customs compromised and received approval to waive several items such as the minimum space requirement, which brought down the cost to \$400,000.

After the Customs build-out there will be approximately 1,500 s.f. available on the first floor and 2,200 s.f. available on the second floor of the Airport Terminal Building. There is approximately 2,000 available s.f. directly above the Walnut Room, which for growth of the Airport, may be turned into an incident command center with possible Homeland Security funds. That space could also be used for corporate meetings. State legislators are committed to help the Authority get the incident command center, which would further enhance the Airport. There have been discussions with a movie company that may partially build the area out if it could be used during the next six months for a movie shoot. In addition to the build out, the movie company would pay rent.

ADOPT AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Stack offered a motion to approve the Airport Committee minutes of July 8, August 5, October 7 and November 20, 2014 along with the Legal Committee minutes of April 3, 2014 (*en globo*), seconded by Commissioner Cantrelle and unanimously adopted.

REPORT ON CURRENT AIRPORT ISSUES

The Interim Airport Director advised that the pre-construction meeting for the taxiway sealcoat crack fill project is set for December 22, 2014. Fuel sales were down 6,000 gallons in November. Fuel sales are up by 145,000 gallons for the fiscal year. An additional \$9,750 was received for a movie shoot at Lakefront Airport. There have been 32 downloads on the RFQ for the Master Services Agreement. The current Master Services Agreement expires in two years.

The 1992 fire truck sold at auction for \$4,200. There is a \$46,918 PW to replace fire equipment. The equipment suggested by the firemen has been considered and a list made, including breathing apparatus and a handheld infrared camera. The equipment must first be purchased and the money is then reimbursed.

There has been no further commitment from the FAA regarding VASI lights. The FAA is in need of funding so a Texas team can be sent over to work on the lights. REILS for 18L are 90% complete. Mr. Fanguy of Landmark stated the lake creates a problem at night when there is major event traffic and the lighting issue is dangerous. There is no glide path information for the runway coming in over the lake, which is a critical safety issue. The VASI lights are FAA equipment and the FAA is hesitant to replace the equipment due to lack of funding and flooding at Lakefront Airport. Chairman Heaton suggested the Board go on record and write the FAA regarding the lighting issue. Mr. Fanguy suggested enlisting the assistance of AOPA (Aircraft Owners and Pilots Association) and the National Business Aircraft Association to try to get the lighting issue resolved. Specifically as to the November 2014 plane crash into the lake, Mrs. Ullmann noted that the

Authority has not been notified of any liability issue for the Airport, lighting owned by the Airport or by the FAA.

NEW BUSINESS

- 1. Request by MG Mayer Yacht Service, Inc. for NFPAMA to approve assignment of the lease between West End Resources, Inc. (424 S. Roadway) and Estoppel Agreement and to authorize its Chief Operating Officer to execute any and all related documents (Legal)**

Chairman Heaton noted that this item is deferred. To date, no final documentation has been received.

- 2. Discussion regarding renewal of Richard C. Lambert contract which expires December 31, 2014 (Airport)**

The RCL contract expires December 31, 2014 and is for all of the projects at the Airport. The contract is not broken out by hangars or buildings and was amended to extend to May 31, 2014 or when the FEMA cost curve issue was resolved.

RCL is attempting to close the James Wedell project, but there are extenuating circumstances with liquidated damages. Chairman Heaton suggested extending the contract for one year or until the projects are complete. A termination clause could be added to the contract giving the Authority the right to terminate the contract upon completion of all projects.

Commissioner Cantrelle offered a motion to extend the RCL contract through December 31, 2015, seconded by Commissioner Stack.

- 3. Discussion regarding payment under Cost Curve A on Airport Terminal Interior and Exterior (RCL)**

Correspondence has been received regarding this issue, which requires discussion in Executive Session at the Legal Committee meeting. The Airport Committee will reconvene after the Legal Committee reviews the item. Chairman DeRouen requested the item be placed on the January 2015 Legal Committee Agenda. RCL will be given the opportunity to speak regarding the issue.

- 4. Status update from Stuart Consulting (Airport)**

Chris Fenner, Stuart Consulting, reported that the three major projects at the Airport are near completion. Bastian-Mitchell is complete and 100% paid. The James Wedell Hangar has \$339,000 in liquidated damages withheld and \$15,000 in retainage for closeout documentation and sub-contractors are attempting to file claims. The Authority has a clear lien on the project. There is \$196,000 in liquidated damages for the Terminal Building and \$18,000 in retainage for minor punch list items and close out documentation. For both projects there is ongoing discussion with the contractors trying to wrap up the projects. Due to outstanding claims the contractors are hesitant to close out the jobs.

- 5. Discussion of the Orleans Levee District Flood Protection Division's advancement of funds to the Non-Flood Protection Assets Management Authority to build out space for U.S. Customs at the New Orleans Lakefront Airport until such time as funding is received from FEMA (Airport)**

This item was discussed under Opening Comments. In principle, this Committee approves the Non-Flood Authority accepting advancement of funds from the Flood Authority to jump start the project.

- 6. Discussion regarding lease of McDermott hangar space to Flightline Ground, Inc. (Airport)**

Bonny Schumaker of Flightline summarized the proposals negotiated between Flightline and NFPAMA staff and real estate consultant to lease the McDermott Hangar, ramp, one office, storage room and access to one restroom for its employees and customers. The proposed lease excludes all other interior areas of the building and all paved and grass public areas. Flightline offered an annual

lease payment of \$54,000 which includes 70% of the building insurance annual premium and 20% of the annual flood insurance premium. She pointed out that the hangar is over 30 years old and the portion that Flightline would be renting is primarily hangar space and as such, the percentages of the insurance reimbursement offer was appropriate.

This is the Hangar FBO Hawthorne gave up. Flightline is in need of the hangar area but does not need the office space. Major capital improvements need to be made to make the 30+ year old hangar marketable, making this a win/win situation for all parties. Flightline would perform, at their expense, up to \$100,000 for repairing ramp subsidence, repairs to both hangar doors, electrical repairs and upgrades, hangar roof leaks at both ends, and certain interior office renovations with the intent that the remaining office space occupied by NFPAMA aviation oriented staff. The repairs would be approved by both parties and Flightline would be given a rent credit for repairs done. Winn Perkins was consulted to review the values of the repairs and of the proposed lease and Alton Davis gave some approximations on repair costs. Negotiations of the specifics of the lease have been ongoing up to the time of the committee meeting and will be submitted in resolution form at the Board meeting.

Addie Fanguy, Landmark Aviation, noted that Landmark pays for every inch leased from the Authority. Landmark pays the Authority 100% insurance and does not receive a rebate for offices that Landmark does not use at the Bastian-Mitchell Hangar, and he felt that presents a slight imbalance on dealing fairly. Landmark pays fair market value for everything. The competitor on the field will only be paying for a portion of the building and will receive a break on electricity and insurance.

The Authority currently has an available hangar, (McDermott) which Landmark formerly leased. Landmark surrendered the McDermott hangar, leaving the Authority and one of Landmark's former tenants, Tidewater, in a tough spot. The Airport committee reached out to Tidewater and currently leases a portion of the hangar and one small office to Tidewater, on a month-to-month basis for a flat fee, with no additional payment for insurance or electricity. No other FBO expressed a desired to be in the older McDermott Hangar or approached the Authority to rent the hangar. Because of the size and configuration of its current hangar, Flightline is in need of hangar space, not office space. In Flightline's proposal, the rental amount includes electricity because it anticipates that the McDermott hangar doors will not be opened as often as their current leasehold and that once the Authority has its own personnel in the office space, the electric bill will increase due to the use of office space, not hangar space. The FAA will not allow the Authority to treat the FBOs differently, but Flightline will not be put in a box while trying to accommodate the Authority. The Authority is not giving Flightline special treatment. A lease is currently being prepared which will comply with all FAA regulations to protect the Authority. Flightline has been accommodating the Authority in these negotiations. This issue was brought to the Board several weeks ago, but it has taken time to negotiate the particulars of the lease and gather information.

Mr. Pappalardo advised that Flightline made an offer for gross rent. The gross rent includes utilities for the Hangar deck, which is all that is being occupied with the exception of one small office. It excludes office space which is for Authority staff. Flightline is offering to repair all deficiencies, up to a cost of \$100,000 and the Authority will give Flightline rent credits. The Authority has precedence for rent credits because it has done so in the past with the Lake Vista Community Center. At Lake Vista, three suites were renovated by the tenant after Hurricane Katrina as the Authority lacked funds to make the necessary repairs. The tenant was given a rent credit. The Authority is not giving Flightline anything. Rent credits will be given in exchange for monies spent on renovations. Renovations will be monitored by staff to ensure the amount spent on the roof, deck and doors are appropriate. The offer was made in writing to the Authority and staff has been working on that offer and the lease ever since.

7. Discussion regarding amendments to the By-Laws (Legal)

Chairman Heaton advised that the discussion will be deferred to a later date.

8. Discussion regarding moving up RFPs from February, 2015 to January, 2015 (Legal)

Chairman Heaton advised that the discussion will be deferred to the Legal Committee.

ADJOURNMENT

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

ANNOUNCEMENT OF NEXT MEETING

The next Airport Committee meeting is scheduled for Tuesday, January 6, 2015 at 9:30 a.m. The meeting adjourned at 4:38 p.m.