

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
Minutes of the Joint Airport/Finance Committee Meeting
Tuesday May 10, 2016 – 10:00 a.m.

The regular meeting of the Airport Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, May 10, 2016 at 10:00 a.m., at 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 10:26 a.m. and led in the Pledge of Allegiance. The roll was called which constituted a quorum.

PRESENT - Airport:

Chair Wilma Heaton
Comm. Michael Stack
Comm. Roy Arrigo

ABSENT:

Comm. Anthony Richard

PRESENT - Finance:

Chair Michael Stack
Comm. Wilma Heaton
Comm. Roy Arrigo

FURTHERMORE PRESENT:

Chair Greg Ernst
Comm. Stanley Brien

STAFF:

K.J. Schwingshaki – Executive Director
Sharon Martiny – Administrative Assistant
Chanse Watson – Assistant Airport Director
Lauren Broussard – Land Based Operations Manager
Melissa Bailey – Accountant
Marlene Wilkerson - Accountant

ALSO PRESENT:

Gerry Metzger – Legal Counsel
Chris Fenner – Stuart Consulting
Jim Martin - DEI

Opening Comments

Chair Heaton advised that the U.S. Customs and Border Control opening will be held Thursday June 9, 2016 at 10:00 a.m.

Adopt Agenda

Chair Heaton offered a motion to amend the Agenda by hearing the Finance portion of the Agenda first, second by Comm. Arrigo. Motion passed.

Approval Of Prior Minutes

Deferred

FINANCE:

New Business

1) Request by Stuart Consulting Group for payment relating to work done on the Lakefront Airport floodwall arbitration

Chris Fenner (Stuart Consulting) advised that Stuart expended approximately \$60,000 in pursuit of the floodwall for Lakefront Airport, of which \$50,000 is anticipated to be reimbursed after a successful arbitration. FEMA filed their brief, and it appears that FEMA has a weak case. The portion of expenses not reimbursable is the portion associated with arbitration. Stuart is requesting payment of \$50,000; \$48,000 of which is left in the IDIQ contract. With each

new step in the arbitration process, the outcome is more positive that the Authority will succeed in the arbitration. Both sides have submitted briefs and will appear before the judge in the near future.

Chair Heaton advised that while in D.C. in 2014, the Authority was attempting to secure PAPI lights from the FAA for Lakefront Airport. Lack of flood protection at the Airport was a stated concern when the request for PAPI lights was brought forth. The original request was interim flood protection for Lakefront Airport in order to secure the PAPI lights. It was later determined that there was approximately \$47 million that the Authority qualified for in the form of permanent flood protection. Stuart was tasked to assist the Authority in securing the permanent flood protection under the assumption that the work was 100% reimbursable. The project evolved to over \$60 million in benefit cost analysis. FEMA later advised that the costs and application were not reimbursable through FEMA. At that point, there was no formal agreement with the Board to aggressively continue with arbitration, and resolve the matter at a later date. Stuart Consulting is entitled to compensation at this time. The Authority filed a brief with the Federal Arbitration Panel and a hearing date is expected in the near future. This cost was not budgeted as the project evolved into something much bigger than expected.

Chair Stack noted that invoices were submitted by Stuart Consulting, and requested that Stuart provide any information and/or argument as to why these costs/invoices were different from the PWs currently underway. The matter will be brought before the full Board in May and a decision will be made at that time. Chair Stack clarified that the original fees for the original filing is reimbursable, but anything dealing with the arbitration is not. It is recommended that this matter be brought before the full Board for discussion and approval.

2) Review and draft of amended FY 2016-2017 Operating Budget

Melissa Bailey, Accountant, advised that changes included addition to tenant rent income and fuel flowage fees. As requested by Ben Morris (Airport Director) \$125,000 was added in FEMA reimbursements. There was a reduction in auto fuel that resulted in a \$24,000 surplus, which was put into Informal Major Maintenance. The E.D. noted that the Airport is in the red for \$1.16 million, which was in the budget for 2016. The \$1.2 million was taken out and there was a carry-over of \$195,000 for 2017. The task was to zero out the \$195,000 so the \$1.2 million could be put into the capital budget fund. Those funds were being used this year to balance the Airport. The carry-over of \$195,000 would help balance the 2016-2017 Airport budget.

Airport budget inaccuracies included revenue regarding Hangar 101. The Authority is anticipating \$100,000 from Hangar 101 for FY 2016-2017, which will help balance the Airport budget. The \$1.2 million is effective this year, with only \$195,000 carried over for the 2016-2017 Airport budget. The \$1.2 million is in a separate budget for Capital Expenditures.

Chair Heaton noted that each month it was assumed Airport was in the black. It was never intended to use the alternate fund money to balance the budget. When the budget hit there were non-reoccurring revenue used to balance the books. There were issues with the HVAC system at the Airport, but the contractor advised that there was no money to retain a maintenance contract. Money is being expended for a Conference Center and there is no money for a maintenance contract. There is no money to spare at the Airport. The E.D. advised that the Airport is \$1.1 million in the red, but the Authority as a whole is in the \$2.3 million black. Chair Ernst clarified that 2015-2016 will end in the black.

Chair Stack noted that the \$1.2 in FEMA alternate funding and the BP funds is approximately \$2.2 million. The Authority currently has three budgeted positions, fuel costs are down, and the tax revenue kicked in. Cash flow issues were anticipated until the money came in, but not to this extent. Chair Heaton suggested to review each line item in the financials with Airport Staff and

Accounting to determine what was charged to the Airport, where the deficit started, what caused the deficit and if the item(s) were incorrectly recorded as this could be an accounting issue. The E.D. advised that the Airport would have money to operate and for maintenance. The \$1.2 million will be set aside for capital and the only carry over is the \$195,000, and that is what we focused on trying to even out the Airport budget.

Chair Stack advised that years ago DOTD audited the Airport. One finding was that there was no reason the Airport should not be making money. Last year was the first year the Airport was in the black as what was expended at the Airport was heavily monitored.

3) Review of YTD budget to actual Fiscal Year 2016-2017

Chair Stack noted that revenues were up due to the tax millage received. There are no extraordinary items that need to be discussed with the budget.

AIRPORT:

Report on Current Airport Issues

Mr. Morris reported that AT&T is installing the last telephone line at the Airport and will be finished by week's end. PAPI's will be underway next week. FEMA has filed a Motion to Strike the Authority's answers to the Judge's request in the floodwall arbitration. A new fireman has been hired at the Airport and the Tower hours have increased, which will greatly benefit fuel sales.

Comm. Stack suggested a list of priority projects for the Airport. Mr. Morris advised that all projects currently underway at the Airport are reimbursable. One project is the lighting vault and the other two have to do with the runways. Chair Heaton noted that the Terminal Building was dedicated in 1934. There have been many issues with leaks in the roof. The building was again dedicated in October of 2013, and the Authority was assured that roof issues had been addressed. One task for Airport staff is to determine how much money was put into leaks and sealcoat since Katrina. U.S. Customs was delayed due to repairs to walls due to the heavy rain. The Airport is having rain penetration in the roof and walls. Plaster is being redone inside the building because of water damage. Information should be provided to the Board regarding future costs related to leaks in the roof and walls in the Terminal Building. Mr. Morris advised that there are leaks on the north side by Messina's. The building must be seal coated to prevent further damage. The FY 2016-2017 budget has \$25,000 set aside for HVAC repairs.

Comm. Stack suggested a set amount of money from the capital expense money be set aside for repairs and maintenance at the Terminal Building subject to the budget. Each year here are unexpected issues that have to be addressed.

1) Update on Cause and Claim status of fire at the Airport Terminal Building

The E.D. advised that no final report or check was received. I have not heard back from the claims adjuster. Tim Avegno, insurance agent for the Authority, is attempting to obtain the final report also. Chair Heaton requested the E.D. meet with legal counsel, Tim Avegno and someone from the Airport Committee because it is not acceptable that no cause of the fire is given. Tenants in the building are worried about their business and are asking where the fire started and if precautions are being taken. There is proof of a very likely source of the fire, but someone did not agree. Mr. Morris advised that there is a report from the Fire Dept. and H-3 that list the cause of the fire as the water cooler. If the cause was electrical the breaker would have been thrown or the cord would have been burned, but both were intact.

2) Discussion regarding the Four Winds Fountain

Chair Heaton advised that Stuart has requested to contact FEMA again. There is a PW for \$60,000 but Stuart believes that it is possible to increase that amount to \$200,000. Chris Fenner, Stuart Consulting, advised that it is important that the scope is clarified with FEMA. The cost may be totally different in the PW than what it ends up being. Chair Heaton noted for the record that Stuart would stand by what they provide to FEMA. The Authority will hire a conservator to expand the scope, which costs a minimal amount of money and may not be reimbursable. There are two components; the fountain (base and mechanics) and what was and was not damaged from the storm. There are also the statues which have to be authentically restored, and it is unknown if FEMA will pay for that. The PW is ambiguous. Stuart will meet with FEMA to determine what is reimbursable and report back. Going in, FEMA must approve a revision to the PW. Stuart Consulting has approval to move forward and at this point everything is reimbursable.

3) Discussion regarding selection of architect to review airport tenant plans

Chair Heaton advised that an RFQ was advertised, three bids were received and a Scoring Committee was appointed to review the proposals. This contract is for an architect to review tenant build out plans for the Terminal Building. The Scoring Committee consists of Chansé Watson, Felton Suthon, and Comm. Arrigo. The panel will go through the scoring process and present their findings to the E.D., and a selection will be made through the formal process.

Airport Committee minutes

Chair Heaton offered a motion to approve the April 2, 2016, second by Comm. Arrigo. Motion passed.

Next Finance Committee meeting

The next Finance Committee meeting is scheduled for Tuesday June 14, 2016 at 9:30 a.m.

Next Airport Committee meeting

The next Airport Committee meeting is scheduled for Tuesday June 14, 2016 at 10:30 a.m.

Adjournment

Comm. Stack offered a motion to adjourn, seconded by Comm. Arrigo and unanimously adopted.

Announcement Of Next Meeting

The next Airport Committee meeting is scheduled for Tuesday, April 12, 2016 at 9:30 a.m. The meeting adjourned at 10:17 a.m.