

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, OCTOBER 6, 2011 – 4:30 P.M.**

The regular monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, October 6, 2011 at 4:30 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 Hoffman called the meeting to order at 4:30 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman William Hoffman
Commissioner Stanley Brien
Commissioner Carlton Dufrechou
Commissioner Michael Bridges

FURTHERMORE PRESENT:

Robert E. Smith Lupo

STAFF:

Louis Capo, Executive Director
Dawn Wagener, Non-Flood
Sharon Martiny, Non-Flood
Charles Dixon, Marina Director
Vincent Caire, Non-Flood
Fred Pruitt, Non-Flood

ALSO PRESENT:

Albert Pappalardo
Charles Curtis
Randy Maddox

APPROVAL OF AGENDA

Commissioner Brien offered a motion to adopt the agenda, seconded by Commissioner Bridges and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Commissioner Brien offered a motion to approve the minutes of the September 8, 2011, seconded by Commissioner Bridges and unanimously adopted.

OPENING COMMENTS

Chairman Hoffman commented that it is important in tonight's meeting to be updated on both year-to-date and budget request items so decisions can be on how the budget may be presented at the next Board meeting.

OLD BUSINESS

1) **Budget to Actual FY 2012**

Ms. Wagener informed she would be referring to the Recap sheet only and would answer any questions by commissioners in detail.

Operating Revenues are a slightly down. Mr. Pruitt informed that fuel farm numbers were light last month possibly due to Tropical Storm Lee. Remaining revenues seem to be on target.

In August \$100,000 of the \$752,000 budgeted from the Bally's money was used and no money was transferred in September. The total between the 2 Bally's accounts is \$1.9 million.

Personal Services looks over spent. There is \$1 million left and \$700,000 has been expended. The \$700,000 expense includes the police for two months. Those expenses will be reduced because the Flood side will carry the Police on their books for the whole year. The expenses will be reduced along with the transfer in for revenue so it will zero out. We have spent approximately \$350,000 for the first quarter and are within our budget for Personal Services.

Travel has \$2,000 budgeted in administration for training and conferences which has not been used. \$912,000 has been spent in Contractual Services, mainly for contractual insurance. There are two months of property insurance to pay in April and a few small ones that won't affect this number.

The Professional Services shortfall will be addressed in the budget revision. The auditors suggested we record expenses incurred from Stuart to review the FEMA projects which is being charged to 5500. FEMA is reimbursing the Authority for that. There was no number to project, therefore this was not put in the budget. Ms. Wagener suggested during the 3rd quarter reviewing how much was spent with Stuart and how much we were reimbursed and come to the Board with the revision at which time the revenues can be increased for that grant money and put against expenses so it will not look like as if there is an over expenditure in Professional Services.

Other charges are incidentals at this point. The bad debts were taken off last year. There is money in the Equipment budget to buy trucks. The budget is on target although there is some housekeeping to do with the police.

Chairman Hoffman noted for the record Commissioner Dufrechou's arrival.

Chairman Hoffman noted that the Operating Revenue was a little ahead from last year. Due to the \$700,000 transfer from the Flood we did not have to transfer as much from Bally's. Mr. Capo informed that the fuel sales drop off in the summer months and into the first quarter. There are events coming up in the first quarter of next year that may boost fuel sales and give the Airport additional revenue. Once the National Guard Hangar is complete, AeroPremier will pay the full rate on rent minus the credit.

Chairman Hoffman addressed the rental income in general and questioned if everything is up to date. Mr. Capo informed that the Marinas have a very low delinquency and the Airport is a slow payer. Tenants who are late at the Marina receive a notice on their boat along with the boathouses. A delinquent notice and a second notice is issued. It is then turned over to the attorneys for eviction. The Authority charges the tenant legal fees and eviction fees. The same method is followed at the Airport.

Mr. Pappalardo addressed new tenants on the New Basin Canal and informed that the first quarter rent by Lakeview Landings has been paid and the lease for Tides, LLC is in process. The Tides, LLC lease will commence in November or December at which time quarterly rent will be collected. Rent for Lakeview Landings was collected with the execution of lease.

Ms. Wagener addressed submitting the Fiscal Year budget and stated that by November 1st management will be sent packages with historical information and sheets for them to start marking. By December 1st all the information should be received from the managers. Within one week we would have rough numbers and schedules put together for the committees to look. After Christmas revisions are made to the budget and by mid-January or the beginning of February the

budget should be ready for discussion and the budget should be ready for approval in March. The deadline for submitting the budget is April 1, 2012.

Commissioner Bridges questioned if we are at our current level of expenditure and revenue in Fiscal Year 2013 will there be sufficient funds in the settlement to make a full year. Mr. Capo advised that if the Authority adopts the budget passed this year, holds down expenses and the revenue stays the same there will be \$1.9 million remaining in the Bally's settlement account which would basically leave slightly over 2 years remaining in the Bally's settlement. Unforeseen emergencies such as the development of sink holes are expenses that need to be factored in as we move forward with the 2013 budget. Chairman Hoffman stated that real question comes following the year when we are faced with replacing the \$700,000 that this Authority receives from the Flood side. If the \$700,000 is not replaced, it is possible we can use up the majority of what is remaining in Fiscal Year 2014.

2) Discussion and approval of automobile quotation for the 2011-2012 policy term with QBE Specialty Insurance Company through Morrison Insurance Agency in the amount of \$34,134.45

Mr. Capo informed that the automobile insurance quotation is through Morrison Insurance Company and its president, Randy Maddox. The anticipated premium is \$34,134.45.

Mr. Maddox stated this is the first year the Non-Flood is by itself in an automobile fleet situation where carriers looked at the Authority's coverage on a stand-alone basis. Carriers look at a number of items including loss experience which is hard to break out over the last five years between Non-Flood and Flood. The Authority lost all police vehicles leaving 24 units to be insured. Based on the premium charged this comes to an average of approximately \$1,400 per unit. There was a \$5,000 deductible on liability for any accident but that deductible is now zero so the true cost is \$34,000. This Authority will develop a loss history and hopefully it will be good. The cost of the insurance is \$1,400 per unit and \$1 million in liability insurance which is very competitive in this market. The previous per vehicle premium was roughly \$800 per unit average, some being higher and some lower. When a fleet is reduced you lose substantial credits given on a large fleet. The more vehicles in a fleet, the higher the discounts. The carrier does not want to do deductibles anymore. Commissioner Brien questioned if the Authorities fleet was brought down by 10%-20% could we maintain a per vehicle charge. Mr. Maddox informed it could go lower depending on the type of unit. The Durangos are \$872 and the fire trucks are more expensive. A number of vehicles are \$872 and I am giving the average on all 24 vehicles.

Commissioner Brien moved to present renewal of the automobile insurance to the Board at the October 20, 2011 meeting, seconded by Commissioner Bridges and unanimously adopted.

3) Approval for Acting Airport Director to attend FAA conference in Forth Worth, TX as a presenter to the conference at an estimated cost of \$2,000.00

Mr. Capo informed this item was not on the Airport Committee meeting as it was recommended for the Finance Committee meeting. The FAA's annual conference is scheduled for November in Ft. Worth, TX. Fred Pruitt, the Acting Aviation Director, will attend and give a report and speak regarding the bulkhead built after Katrina. Travel and attendance at the conference is \$2,000. For the Authority to maintain good rapport with the FAA and Andy Velayos staff recommends Mr. Pruitt attend the conference. Chairman Hoffman commented that the interaction with the FAA is very valuable in addition to getting exposure and recommended that the committee approve this item.

Commissioner Dufrechou offered a motion to approve Mr. Pruitt's attendance at the FAA Conference to the Board, seconded by Commissioner Bridges and unanimously adopted.

4) Discussion on the 2012 proposed budget revisions

Mr. Capo addressed the 2012 budget revisions and informed that rental income from New Basin Canal is additional revenue on the New Basin Canal. A lease will be signed with Tides, LLC producing \$27,000. Lakeview Landing will produce \$60,000 for the year. Additionally space was leased in the Lake Vista Community Center to Creative Finishes which will produce an additional \$9,000 in rent over the next 9 months. With the \$700,000 from the Flood Division the increase in revenues projected is \$796,000.

The budget adjustments previously approved by the Board are either completed or are in the process of being completed. South Shore Harbor projects are completed with the exception of Ideal Lighting as poles had to be ordered for the light fixtures. The firm for the structural engineer for Bally's Terminal Building is trying to work up a cost to perform the structural analysis. South Shore Harbor salaries for security relates to the cost being moved from Orleans Marina to South Shore Harbor as there is no longer in-house security guards. The appraisal on the New Basin Canal of the Lighthouse Harbor Condominiums by Mike Truax was approved earlier in the year.

Also approved was the broken sewer line on the east side of the Airport which has been completed. The next item is Mr. Win Perkins, the Airport Aviation expert, at a cost of approximately \$20,000.

Another sink hole appeared on Airport property due to a directional drilling mishap in conjunction with faulty repairs performed prior to the storm which left sewer lines exposed. The faulty repairs were a problem before the directional drilling hit it. Mr. Curtis informed that the sinkhole developed when a company was jetting/vacuuming to open up the sewer line which was backed up. It was discovered when building 101 used the bathrooms for the first time since Katrina that they were backing up. They jetted the line and a sinkhole developed revealing a break in the sewer line. It was also noted that a drill bit from a directional drilling line hit the sewer line. When the line was exposed, they discovered that the connection to the lift station had broken off due to the faulty repair performed prior to the storm.

Mr. Capo informed the next line item, ramp repair (panels) on the Airport, was approved by the Airport Committee. This item has gone out for bid as this is a critical repair which needs to be completed because it impacts one of the FBO tenants on Lakefront Airport. Flightline claims if this repair is not completed along with the construction of the Bastian-Mitchell Hangar it will impact their access to the hangar. It will take approximately 3 weeks for Durr Heavy Construction to complete this project. Durr will begin Monday and we will move this along quickly to take this argument off of the table. The cost is approximately \$80,000. An e-mail received from Stuart Consulting stated when Durr inspected the site there were additional areas to be cut to expand the area which will increase the cost \$7,500.

Mr. Capo noted the next line item is an increase to the budget for ID/IQ services passed by Board resolution to enter into an agreement with Stuart Consulting. The Authority has no engineering services or engineers and this helped tremendously in getting out bids for the panel and for the South Shore Harbor structural analysis. At some point this dollar amount will be increased.

The next line item is for the Lakefront Airport master signage and site plan with Richard C. Lambert. Mr. Alton Davis submitted a proposal and the Board adopted the proposal in an amount not to exceed \$25,000.

Repair of the four sinkholes on Lakeshore Drive are approximately \$66,000. The sinkholes are located at the base of the Bayou St. John Bridge on the east side, the grassy area of Shelter 2, two are by Shelter 4 - one is by the roadway and one is behind the shelter house. These sinkholes are minor in nature. The bid is out and they are due on Monday. DEI estimates the cost of the construction and repairs to be approximately \$50,000. Chairman Lupo advised there was discussion regarding this being a Flood control issue. The sinkholes are a maintenance situation and not a flooding cause situation. These sinkholes are developing in this area which is impacted by water and wave action. The repairs are needed immediately and there are more coming.

Mr. Capo advised of a collapsed drain behind Shelter 1 which causes the water to pond. Another issue to address in the near future is possibly changing the traffic pattern on Lakeshore Drive when it is closed.

The next item is to replace the air condition system in the Lake Vista Community Center by Brister-Stephens. The total approved cost was for \$40,900 and we had \$40,000 in the budget. By October 20th we should have the new system in place.

The final item is \$2,000 for Mr. Pruitt's travel to the FAA conference in Ft. Worth, TX. The total of the budget requests previously approved and obligated by the Board is \$385,887.00. The staff recommendations from the administration side are the increases in the legal and real estate budget of \$120,000.

There are several SPCC and stormwater pollution plans that need to be provided to the Sewerage & Water Board and to the EPA; Lakeshore Drive, the two Marinas and Lakefront Airport. These plans are approximately \$100,000. This is a 5 year plan with one yearly update. We will get proposals from Shaw Coastal and Environmental Services because of the dollar amount of this item. Mr. Capo will check with the Flood side to see if this Authority can piggy back with them. The Sewerage & Water Board requests these reports be generated as we are a co-permittee with Sewerage & Water Board. Commissioner Dufrechou informed this goes back to the NEPA of 1972 which has been progressively implemented by the federal government. Chairman Lupo added that some testing is performed at the Airport because the wash racks require testing. Mr. Pruitt informed that the Airport is updating previous plans pre-Katrina so there are massive changes. It is not like the other properties where there is no historical information. The Airport cost will be fairly small because there is quite a bit of data in place. The properties with no data in place which have to do things from scratch makes it more expensive.

At one time the Authority could fall under as a co-permittee of the Sewerage & Water Board with certain requirements. Those requirements are stricter and the Authority has to have a plan similar to the Sewerage & Water Board. The co-permittees or agencies that drain into the Sewerage & Water Board System must have their own report. Most of the properties do not drain off into the Sewerage & Water Board system. The Airport and some of the marinas do but Lakeshore Drive does not - it drains into the lake. Commissioner Dufrechou stated that the Sewerage & Water Board is progressively enforcing this report nationally because New Orleans is a metropolitan area. The formula is associated with the degree of impact and the degree of population. Sewerage & Water Board was the initial entity for metro New Orleans that started the stormwater plan in the mid-late 90's. There was EPA litigation which was the catalyst of this. The EPA would receive a copy of whatever the stormwater plan is. The initial plan is costly

but updates are basically doing surveys. If there are no significant changes this should not be a difficult process.

Mr. Pruitt stated that the Sewerage & Water Board let their program lapse and they were investigated. When Sewerage & Water Board was investigated their co-permittees were input into the next higher level of scrutiny and that is why it is coming to such a drastic change as this authority was a co-permittee. Mr. Capo advised the report is due in November. This is the same report as the update of last year, however, this is the actual 5-year plan. Brian Hava with Shaw Coastal, did the update last year and wants to meet regarding the update. Mr. Hava is doing the update for the Flood side and wants to include this Authority in the update for this year. An extension will be requested as there is not sufficient time to prepare the report. The Sewerage & Water Board believed they were going to get an extension that would go past January but the extension did not turn out as expected so we are back to the November deadline. If the report is not turned in, the Authority will get a fine. Mr. Pruitt commented that the city has to be able to trace a problem back throughout the system to whoever it was. As a state agency you are responsible to have your own stormwater management plan as a co-permittee. That is the way LADEQ has set up the system.

Mr. Capo addressed the computer back-up server for the fuel farm which is approximately \$5,000. Since Katrina, the fuel farm has no back-up server for data and the AccuLoad system at the fuel farm. This is back-up of the entire operating system, a duplicate of the server within the fuel farm that communicates with the outside equipment, stores the data, takes the tank data and stores all of the information. The operating system cannot be purchased off the shelf. Mr. Pruitt stated that this system originally operated on an IMB 286 which was changed in 2000 at a cost of approximately \$100,000. The software is specialized due to the loading rack equipment to the oil industry. It is all proprietary which is high priced. Mr. Pruitt stated that with the upcoming special events we don't want the system to fail when we have a lot of fuel being moved. Chairman Hoffman added that it makes sense to have a back-up system while other options are explored. Chairman Lupo suggested spending the \$5,000 as the Airport will soon be handling the Sugar Bowl and National Championships. This Authority cannot have the Airport without a back-up in January.

Mr. Capo next addressed the tree stumps in the area between Franklin Ave. and Shelter #4. The Corps had that area under their control and has recently turned that property back over to the Authority. The tree stumps have never been removed and are a danger to visitors in that area. EDS submitted a proposal to remove 96 stumps identified on the Lakefront and in the interior parks at \$50.44 per stump for a total of approximately \$4,791. The second proposal is to remove 36 dead trees along Lakeshore Dr. and in the parks at a cost of \$7,422. This Authority is making improvements along Lakeshore Drive and it is staff's recommendation to remove these unsightly and unsafe trees and stumps from Lakeshore Drive. The stumps will be removed and the hole filled with grindings. Eventually the holes will have to be filled which is another issue because we do not have fill, trucks nor the equipment to spread the fill. This area also includes the Lake Terrace Parkway which has had little maintenance since Katrina.

Mr. Capo stated there will also be future undetermined expenses as emergencies pop up and the Authority will need a fund to draw upon to repair, improve or perform services for upcoming emergencies. Chairman Lupo added that when the utilities are up and running on Lakeshore Drive, there will be light poles that need wiring or bulbs, there are benches and picnic tables which need to be replaced and when the Airport terminal opens there will be landscaping requirements. As more things come on line in the next 9-12 months there needs to be a fund to draw from to make repairs and there needs to be parameters for spending this money.

Chairman Hoffman added to have funds put in reserve to address those issues when they arise is a good idea. The list put together by administration and the committees is more extensive and includes staffing and several things with the Airport that need to be addressed. Mr. Capo will keep working and prioritizing the list which will be discussed at future meetings. As funds become available we can bring those forward but right now it does not do any good to spend money the Authority does not have.

Mr. Capo added that re-striping needs to be done on Lakeshore Drive from West End to Seabrook which will cost approximately \$120,000. This item is not included on the list. There are many other funding issues that the staff has identified such as staffing. To date there is 1 maintenance man who maintains the Airport and every one of the properties. Staffing at the Airport to go to a Part 139 will have to meet certain criteria from the FAA. Airport staff will need to be hired along with maintenance and security. Staffing is the largest item on the expense column.

Chairman Hoffman stated that this blends with discussions with several commissioners regarding developing a Master Plan for the Authority that includes putting together a committee to focus on the Master Plan and review the staffing issues and future revenues in a much broader context. Chairman Lupo added that he would meet with Commissioner Brien and Commissioner DeRouen to get an idea of how to organize the committee. Mr. Capo stated no vote is needed on the issues for recommendation to the Board as this group of recommendations has been approved and obligated and the others were just recommendations. Chairman Hoffman suggested approving the 6 items identified and having them discussed at Board level. Ms. Wagener suggested reviewing all of the items, some of which have been approved, and to approve funding for the items. This will actually go on the general ledger and increase the budget for the next time the budget is approved. Chairman Hoffman requested a motion to recommend budget revisions as detailed. Commissioner Dufrechou offered a motion to recommend budget revisions to the Board, seconded by Commissioner Bridges and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

Chairman Hoffman announced the next meeting is scheduled for November 3, 2011 at 4:30 p.m.

ADJOURNMENT

Commissioner Brien offered a motion to adjourn, seconded by Commissioner Dufrechou and unanimously adopted.

The meeting adjourned at 5:30 p.m.