

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
THURSDAY, MAY 5, 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, May 5, 2011 at 4:30 P.M., in the Lake Vista Community Center, 2<sup>nd</sup> 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 and a quorum was present.

**PRESENT:**

Chairman William Hoffman  
Chairman Robert E. Smith Lupo  
Commissioner Carlton Dufrechou

**ABSENT**

Commissioner Michael Bridges  
Commissioner Stanley Brien

**STAFF:**

Louis Capo, Executive Director  
Vincent Caire, Non-Flood  
Dawn Wagener, Non-Flood  
Sharon Martiny, Non-Flood

**ALSO PRESENT:**

Albert Pappalardo  
Gerard Metzger  
Steve Nelson

**APPROVAL OF AGENDA**

Chairman Lupo offered a motion to adopt the agenda, seconded by Commissioner Dufrechou and unanimously adopted.

Chairman Hoffman requested adding insurance for the Fuel Farm on the Agenda. Commissioner Dufrechou offered a motion to add to the Agenda, seconded by Chairman Lupo and unanimously adopted. All were in favor of the amended agenda.

**APPROVAL OF PRIOR MINUTES**

Chairman Lupo offered a motion to approve the minutes of the Finance Committee meeting of April 7, 2011, seconded by Commissioner Dufrechou and unanimously adopted.

**OLD BUSINESS**

**1) Current Budget Update (FY 20112)**

Mr. Capo informed that \$7,719,000 was budgeted for total revenues for the Non-Flood Division for 2011. To date, the Authority has received \$6,441,000. Lake Vista Community Center, Orleans Marina and New Basin Canal are pretty much on target and there should be no increase other than a small CPI adjustment. Fuel Farm sales at Lakefront Airport and South Shore Harbor are areas that can change over the next two months.

Commissioner Dufrechou questioned if fuel at the Lakefront is a straight line projection and if events such as like Jazz Fest are included with increased traffic and corporate jets coming in for these events. Mr. Capo advised that if a steady increase is seen each year, the projection will be bumped up over all.

Chairman Hoffman questioned how much will be needed to transfer in from Bally's before June 30<sup>th</sup>. Mr. Capo advised that \$2.5 million is projected. As of the end of April we have drawn down \$1.3 million. Remaining of that budget was \$1.2 million. It is estimated that approximately \$500,000 between now and the end of the fiscal year will be transferred. There are five additional payrolls left until the end of the fiscal year, including benefits, which will require a cash infusion. Grass cutting and trash pick-up are also increasing which are high expenses which cause a draw down on cash. Currently in the Bally's major settlement account and the Marina settlement account we have approximately \$3.2 million left. If another \$500,000 is drawn down there will be \$2.7 million starting the new fiscal year. There is an estimated \$300,000 in the bank accounts going forward with the additional \$500,000 draw down from Bally's will give us \$800,000 over the next two months.

Mr. Capo informed that Other Charges are numbers that are written off, a large percentage of that are the receivables – mainly the AeroPremier settlement. There is also a tenant at Lake Vista Community Center who filed bankruptcy and there is \$20,000 that will have to be written off. Mr. Capo added receivables were cleaned up and between the two marinas there are only five tenants that are currently delinquent. Personal Services is a large expense which includes salaries and benefits.

Chairman Hoffman noted as we approach the end of the fiscal year, costs need to be accrued for layoffs for budgetary reasons entering into the new year. If there are retirement expenses or additional costs for employees that are going to be laid off between now and the end of the year, those costs need to be identified and accrued by June 30<sup>th</sup> so the costs are not carried over.

Contractual Services, which makes up the bulk of the grass cutting, will probably come in slightly under. Grass cutting is approximately \$70,000 per month and trash pick-up is running close to \$8,000 per month showing a slight increase. Contracts are on a fiscal year to year basis and an RFP is in process. Currently, there are maps and numbers but it is a matter of formulating the RFP, which will be completed before the end of the month. There has never been a bid for grass cutting because when Division of Administration took over in January of 2007 it was determined EDS was on state contract. At the time contracts were coming in at \$145.00 per acre and this company came in at \$98.00 per acre. Mr. Capo informed that the Flood side had their own maintenance equipment.

Mr. Capo informed that EDS has been flexible on all contracts. There is a clause which allows cancellation at 30 days. The contract has worked over the years as there is not a lot to it. The Division of Administration approved the contract and we have been renewing this year after year. Chairman Hoffman added for a contract of \$750,000 we need to go out and bid a contractor. Mr. Lupu added that Dept. of Transportation cuts a large amount of grass and requested Commissioner Bridges be contacted for information on contracts they have for an independent contractor. This information can be given to counsel to draw up an RFP. A really good contract should be attached to the RFP stating the services we want provide. Commissioner Bridges may have an RFP that this Authority could modify.

Commissioner Dufrechou advised that a protocol for future RFPs should be put into place. Mr. Lupu informed Mr. Metzger was given information on an RFP and he will look into that. Mr. Capo informed the Engineering Dept. previously dealt with those matters.

Chairman Hoffman questioned when the garbage pick-up contract expired. Mr. Capo informed trash pick-up was similar to grass cutting. Garbage is picked up 5 days a week from one end of Lakeshore to the other end and \$8,000 covers one month of garbage pick-up. There is some concern with using prison laborers along the Lakefront because of the houses located along the Lakefront.

Mr. Capo informed EDS, Employment Development Services, is a non-profit organization using physically and mentally challenged individuals for trash pick-up and cleanup on the lake. EDS has been servicing the Levee Board's offices for years and provide janitorial services to Lake Vista Community Center offices and Franklin's facility.

### **NEW BUSINESS:**

#### **2. Status of claims receivable from Hartford**

Mr. Capo advised a check was received from Hartford in the amount of \$2,087,000 which will be deposited. This brings us to the \$10 million max on Hartford and we are now proceeding against the RSUI, the excess carrier. Mr. Metzger added it was fortunate not have a lot of litigation which reduced attorney time as it was handled by staff. The claim was adjusted so the cost was held down substantially on recovering the money. Mr. Capo informed that the insurance agent came in and explained the Authority did not receive. Hartford was stalling from the beginning on sending the money which has been a struggle since the day of the storm. Chairman Hoffman added receipt of the check is crucial to funding of the airport interior.

#### **3. Status of funding for interior renovation of Airport Terminal**

Mr. Capo advised that all funding is in place for the Airport interior. Mr. Davis recommended going out for advertisement Friday, May 13<sup>th</sup> and place the ad in the paper. The due date for bids is June 16<sup>th</sup> to begin the process of contracting and moving forward with the renovations. A time line has been prepared by Stuart Consulting. Mr. Steve Nelson from Stuart Consulting stated that there are contingencies in place. The estimate is at \$7.5 million. Should the project come in at \$8.5 to \$9 million, we would be able to utilize alternate projects such as Walter or James Wedell and still proceed with construction. The state requires that funding be identified.

The Naval Reserve building has a project worksheet for \$12.5 million dollars total; that is about \$10 million in construction. 7-9 project worksheet versions can be written to pull the money back into that project which is currently written as an alternate and we would lose \$2.5 million.

There are two contingencies should it come at \$1-3 million and \$3-5 million. There is funding currently If it comes in on budget. These are contingencies provided something unforeseen happens.

Mr. Davis informed that the alternate deduction of the kitchen equipment is approximately ½ million dollars. If the bid came in at \$8 million we could take the equipment out of the equation and still do it for \$7.5 million with the funding that is in place but you don't know what the prices are going to do in the next month.

Chairman Hoffman addressed the actual construction time and questioned if there was any feedback from contractors. Mr. Davis informed that 7 months is projected. The structure is built and the only long lead items we have are mechanical. Finishes are not a long lead time as the stones, wood and terrazzo are readily available. Mr. Nelson added that the schedule was for 7 months plus 30 days float. There is no build out on the second floor.

Mr. Davis informed the murals would be enclosed during the construction process. Most murals have rice paper on them. This does not include restoration which is a separate process. Mr. Nelson added that cost of the restoration is written into an obligated interim project worksheet and costs associated with the murals should be fully reimbursable.

Chairman Hoffman informed that next year Mardi Gras is early February and added that the space could be rented if we don't have a tenant. Mr. Davis advised if we go to bid next week and bids are due June 16<sup>th</sup>, it is approximately a 2 week process to get a contract in place which would put us in construction the beginning of August. If the contractors advise that the schedule cannot be met or if there is substantial overtime an addendum could be added giving them 8 months or they could buy a schedule which may increase the price.

Mr. Caire informed the anniversary of the original 1934 dedication was the week of February 9-18 and suggested that may be a goal to shoot for. Mr. Davis stated that 7 months is realistic without much overtime which is reasonable at the \$7.5 million budget; 5-6 months would be possible with double or triple shifts which would be expensive. This is inside space and labor intensive which includes recreating the painted ceilings, the graphics work, painting, assembling and bringing it on site. The lights have to be heavily waxed and matched with the existing light fixtures and the glasses need to be replaced. There will be mandatory pre-bid meetings for all projects.

The terminal building, the two Wedell's and the Bastian-Mitchell will going to bid. A structural review is being performed which is complicated and the only thing holding us up. The hangars have to be built to 130 mph standards. Interior elevations of these projects and drawings are 227 sheets. Mr. Nelson added that on the pre-bid mock ups were done so there will be a site block which is not just in the specs. Terrazzo was done in four stages to show each stage which will stay through the course to be the quality control. One of the decorative pieces on the 2<sup>nd</sup> floor was rebuilt all the way up vertical and horizontal so a piece of that is mocked up and redone.

Chairman Hoffman questioned if the Authority was restricted by the state in the Request for Bid to take the low bidder. Mr. Davis informed that historic qualifications were put in so the superintendant requires many years of historic work with plaster. There is a section unlike most front ends relative to contract qualifications. This was allowed on the exterior and we are doing it on the interior which will make it difficult for them to phony.

Mr. Pappalardo advised in 2012 there is the Final Four and next year there is Super Bowl and suggested talking to event planners to determine whether or not events could be booked. Chairman Lupo informed there may be a problem because if we have an operator of commercial airlines in there, it won't be allowed. The Walnut Room can be rented out for events but the actual foyer and atrium area would not be possible with an operating commercial airport present.

Mr. Davis added the west wing by the Director's office has its own private entry but crew services would be needed on site. It is unknown who will take over the kitchen or the Walnut Room. There are many intangibles right now. Chairman Hoffman stated there is going to become a point in time where we will have to make a decision if we are going to have to get that commercial operator in order to book events. The Authority needs to think about those things now and talk to different groups and for a timeline to make that decision so we don't get passed over.

## **2. Fuel Farm Insurance**

Mr. Capo advised that the renewal for the Fuel Farm insurance is due on May 21 2011. In 2008 the premium was \$193,000 and the next year it dropped more than half. Mr. Pruitt looked at the Airport and decommissioned the remote site on the Fuel Farm which cut the premium in half. Each year the renewals have been dropping. The premium, including terrorism insurance is \$59,195.00. Carol Keifer informed Mr. Capo that we have always carried terrorism insurance on the Fuel Farm because of the nature of the fuel. Included in the premium is \$385,000 for business interruption insurance on fees for the Fuel Farm. The remainder is for personal property, real property and fuel tanks of \$245,000.00. This includes flood insurance on the main building but not on any of the equipment. The actual property that makes up the \$2,445,000 are four large tanks, all of the acu-labs, piping, the equipment and the small building. Mr. Capo recommended the insurance including terrorism for the fuel farm volatility of the fuel; \$5,200 this should be purchased. Chairman Lupo moved to recommend Fuel Farm insurance to the full Board for approval, seconded by Commissioner Dufrechou and unanimously adopted.

Mr. Nelson suggested we get a letter from the insurer stating that flood insurance cannot be obtained in case of a disaster for FEMA purposes. Mr. Capo informed of a legislative auditor proposer's meeting with the CPA firms proposing to do the audit this year. Five firms represented. The RFPs are due back to the Legislative Auditor by May 15, 2011. It will take a day or so to review the CPA firms and then get back to us. That is where we stand on the 2011 audit.

### **ANNOUNCEMENT OF NEXT MEETING**

Chairman Hoffman announced the next meeting is scheduled for June 9, 2011 at 4:30 p.m.

### **ADJOURNMENT**

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

The meeting adjourned at 6:05 p.m.