

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, JUNE 9, 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, June 9, 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 and a quorum was present.

PRESENT:

Chairman William Hoffman
Chairman Robert E. Smith Lupo
Commissioner Michael Bridges
Commissioner Stanley Brien

ABSENT

Commissioner Carlton Dufrechou

STAFF:

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

ALSO PRESENT:

Albert Pappalardo
Gerard Metzger

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Bridges offered a motion to approve the minutes of the Finance Committee meeting of May 5, 2011, seconded by Chairman Lupo and unanimously adopted.

OPENING COMMENTS

Chairman Hoffman commended Chairman Lupo and all of the members who spent numerous hours with the state legislature and other entities to address the revenue issues related to the Non-Flood Authority. Most people are aware of this as it has been in the papers and on the news. Chairman Hoffman also commented that it would be beneficial if the Times Picayune read the meeting minutes before calling this Board derogatory names. The Times Picayune should talk to the Board and find out who we are and what the Board's goals and objectives are before we become part of the editorial comments.

Mr. Capo addressed two questions from the Finance Committee Chairman, the first question regarding the annual audit. Mr. Capo referred to the bid sheet that was distributed which reflects bids that were proposed and sent to the Legislative Auditor. On May 15th the Legislative Auditor reviewed all of the bids. The firm that has been selected is Silva, Gurtner & Abney whose three year cost is \$130,265 and they expect to spend 1,400 hours over the three year period. Silva, Gurtner & Abney is in the process of preparing a client list with the information this Authority has to provide. Mr. Capo informed that this \$130,265 fee is applicable to the Southeast Louisiana Flood Protection Authority East which encompasses East Jefferson, Orleans Levee District and Lake Borne. Last year Non-Flood paid approximately \$15,000 for the audit. The \$42,000 is a complete Southeast Louisiana Flood Protection Authority East price. The Non-Flood portion will be much smaller.

The second question related to the RFP for grass cutting. Mr. Capo advised that he is working on getting the spread-out of Lakeshore Drive and the sea wall area segregated from the other areas of the contract. The Authority will go out for a total RFP, inclusive of the Marina and the Airport and add all the parks and green spaces, with individual properties broken out separately. EDS, the current supplier of our grass cutting, is on a month to month basis. EDS has requested a 90 day cancellation because they want to staff up to meet the grass cutting needs for the next couple of months. The EDS contract ends July 1, 2011. The 90 day cancellation means that if we go forward that date will slide. It takes two months to get the RFP complete; that is 60 days out which would give them a 90 day cancellation clause looking at five months. As the dates of the RFP slide, the 90 day cancellation slides. Commissioner Bridges advised that his staff will provide an example of an RFP for grass cutting with some contact information and contractors that are used in the New Orleans area. Mr. Capo informed that the work along the Lakefront has more manual time for weed eating and edging along the sidewalks and curbs which will increase the cost slightly because of the manpower. Commissioner Bridges commented that the Authority will have a tough time trying to find a place that beats EDS because they are on state contract. The Authority may want to enter into a cooperative endeavor agreement with another entity and piggyback on their contract. The larger the contract, the cost per acre should go down. Chairman Hoffman noted for the record that the Authority is not dissatisfied with EDS, the purpose of this is it is good business practice to periodically go out for bids and make sure that we are spending the taxpayers' dollars in the most effective manner.

OLD BUSINESS

1) Current Budget Update (FY 20112)

Mr. Capo informed that the total Operating Revenues budgeted for 2011 were \$3.8 million and the Authority has received a little over \$4 million. We over budgeted by \$220,000 on revenues. Revenue from the marinas are on a quarterly basis and have been received. There will be some revenue from the Airport dealing with fuel farm sales and monthly rents.

There are no outstanding tenants at the Lake Vista Community Center, which are the only other monthly revenues. The transfer in from the Non-Flood on the police is \$18,000 short due to over budgeting going in last year. The transfer from Bally's was proposed earlier in the 2011 budget to transfer in \$2.5 million. As of May 31, 2011, we have transferred in \$1.3 million. Recently, to cover other costs, we transferred in \$200,000 so that number is going to be covered in June. At this point we transferred in \$1.5 million, \$1 million less than what we had proposed. In the Bally's settlement we currently have \$2.6 million and \$400,000 in the Marina Center settlement for a total of \$3 million. We anticipate no more

than \$500,000 for the month of June which will leave us with approximately \$2.5 million going forward in to the next fiscal year.

Personal Services was budgeted at approximately \$1.2 million and \$420,000 is anticipated for the month of June as there are two payrolls left, including salary and benefits. Travel was budgeted at \$6,000 and we have used \$1,400. Contractual Services was budgeted at \$2.8 million and the actual for the 11 months is \$2.3 million leaving approximately \$515,000 in the budget. It is not anticipated that the entire \$500,000 will be used although grass cutting has now picked up. Materials & Supplies was budgeted at \$442,000 of which \$280,000 has been used with \$162,000 remaining. Professional Services was budgeted at \$228,000 and the actual was \$279,000. We have exceeded by \$51,000 due to an increase in the FAA litigation cost with AeroPremier and Flight Line in having to hire an expert. The majority of Other Charges is bad debt expense, most of which is for the Airport, that we have written off as a non-cash item. Equipment is \$9,600 as we did not budget for new computers purchased for the office. It is anticipated that another \$500,000 will be drawn down from the Bally's settlement. It looks like we are pretty much tracking on budget. Chairman Hoffman added that looks like we have not really deviated significantly on any one area. Mr. Capo noted the one line item that is missing is Major Maintenance.

NEW BUSINESS:

1. Discussion of Cooperative Agreement between Flood and Non-Flood divisions of Orleans Levee District for the maintenance of Lakeshore Drive

Chairman Lupo gave an overview of the cooperative endeavor agreement stating that a verbal agreement has been confected with the Flood Authority whereby they are going to contract through a cooperative endeavor agreement with the Non-Flood Authority to maintain Lakeshore Drive. The Non-Flood Authority will continue to operate Lakeshore Drive but we will be reimbursed the cost of grass cutting, trash pick-up and electrical service when that gets up and operating. That is all part of the Flood side's obligation of flood protection. The legislators are also working on some ongoing revenue streams to operate the non-revenue producing obligations of the Non-Flood Authority. Chairman Lupo informed that the Flood Authority plans to put a resolution before their board on June 16, 2011. After that resolution is passed the Non-Flood attorneys, the Attorney General and the Flood attorneys will get together and confect an agreement.

2. Discussion of Professional services contract with Imagine Technologies for computer and network services for fiscal year 2012

Mr. Capo informed that the Authority did not have in-house expertise on the computer network maintenance and over the last 3 years the Non-Flood Authority has used Imagine Technologies. Mr. Troy Williams was the IT person that the District used prior to the storm and the Non-Flood Authority continued using Mr. Williams' services to install the computers. Over the last 3 years the Authority has spent approximately \$6,200. Mr. Capo is requesting to enter into a contract with Mr. Williams for \$5,000 for computer maintenance as Mr. Williams is familiar with our network. Mr. Capo informed that approximately \$5,000 was added to the budget for computer maintenance going forward. Going out for an RFP places an additional burden on the staff for this small service. Mr. Williams' hourly rate is \$90 per hour on an as-need basis. Chairman Lupo added that the Authority should find out what the market rate is so we can let the supplier know the Authority is performing due diligence regarding hourly costs for those types of services. Chairman Hoffman recommended making calls to see what rates are for other providers of the service. Chairman Hoffman noted that a motion is not

needed because the item is in the budget and the Executive Director is authorized to spend that assuming it complies with the policies and procedures. When the Authority formally discusses and adopts the By-Laws, this will be a reporting item and won't require Board action. Mr. Capo informed that going forward a check register would be presented to the Finance Committee showing all expenses incurred for the month. Chairman Hoffman added that the Finance Committee would review those checks and if there were questions as to any expenditure, the questions can be raised with Mr. Capo. Mr. Metzger informed the way this is structured in the By-Laws that were approved for recommendation to the Board is that up to \$15,000 the Executive Director has the right to enter into an agreement without contacting anyone. At the next Finance Committee meeting it will be brought to the attention of the Committee. Between \$15,000-\$25,000, the Executive Director will have to contact the Chairman or the Vice-Chairman for approval and then report it to the Finance Committee.

3. Workers Comp. Insurance with LWCC

Mr. Capo informed the Committee that he received an e-mail notification that the Non-Flood portion (Non-Flood is together with the Flood Authority) is \$31,437.00. The total premium is \$196,000.00. The Non-Flood portion is \$31,000 which excludes the Police Dept. and the bridge tenders. It does include two of the marina guards which LWCC classifies as police category. The Non-Flood portion is \$31,437 and I am requesting approval for recommendation to the Board to enter into this contract. Commissioner Bridges offered a motion to approve the Workers Comp. Insurance with LWCC, seconded by Commissioner Brien and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

Chairman Hoffman announced the next meeting is scheduled for July 14, 2011 at 4:30 p.m.

ADJOURNMENT

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

The meeting adjourned at 5:07 p.m.