

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, SEPTEMBER 8, 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, September 8, 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

FURTHERMORE PRESENT:

Robert E. Smith Lupo

ABSENT

Commissioner Michael Bridges

STAFF:

Louis Capo, Executive Director
Dawn Wagener, Non-Flood
Sharon Martiny, Non-Flood
Charles Dixon, Marina Director

ALSO PRESENT:

Albert Pappalardo
Gerard Metzger

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

The minutes of the August 4, 2011 will be presented for approval at the October 6, 2011 Committee meeting.

Chairman Hoffman informed that due to the lack of a quorum, this meeting will be informational only. Upon arrival of Commissioner Dufrechou, the Agenda will be adopted and the minutes will be approved.

OLD BUSINESS

1) Report on the audit of the Orleans levee District for fiscal year ending 2011 by Silva, Gurtner & Abney, CPAs and Consultants

Ms. Becky Hammond from Silva, Gurtner & Abney addressed the audit of June 30, 2011 which was lengthy with several parts as the Flood and the Non-Flood sides were combined along with East Jefferson and Lake Borne Levee Districts.

The audit was segregated separately for the Non-Flood side so Ms. Wagener and Mr. Capo could look at the numbers and agree with one portion at a time. Footnotes related to Non-Flood were added in the audit which smoothly for a first year audit. Ms. Hammond has prior experience working with Orleans Levee District. She worked with staff on site on a portion of the single audit, which consisted the audit of federal programs dealing with FEMA project worksheet

audits. The accounting and organizational standpoint of staff was clean from a governmental perspective.

The highlights consisted of the single audit report and FEMA project worksheets which consisted of East Jefferson Levee District and the Non-Flood Authority. The single audit covers federal grants given to the Airport through the FAA. Compliance was not tested but invoices were tied down to make sure there were checks cut for the amount in the general ledger. The management letter comments address approvals of accounts payable for the Non-Flood, Flood and East Jefferson. The audit is done soon after year end and there are invoices that come in August that do not make it through the detective controls and get approval on the general ledger. We ask if it is possible that all of the Levee Districts check if something a contract or invoice is outstanding to give an estimate or call the vendor and get a preliminary invoice so the numbers get on the books which would make things go more smoothly. The response on the corrective action plan states that the Authority will ensure any material payables get detected earlier than in the normal process. We have learned some things this first audit and we will do some planning to take care of things we know need to be done on the front end for next year's audit. The deadline for the audit was September 1 but we were provided with an extension from the Legislative Auditor's Office to issue on Monday the 12th.

2. Status of needs analysis recommendations from other committees regarding the 2012 budget

Mr. Capo addressed the needs analysis from other committees regarding the 2012 budget. The Finance Committee requested each committee review their needs and what is needed for the particular properties and committees. There were no committee meetings in August so for the October committee meetings a list of all of projects with dollar amounts by the committees and by the properties will be furnished. From there we can move forward with incorporating those into our budget. There will be a recommendation from management on which projects should go forward.

3. Budget to actual FY 2012

Ms. Wagener addressed the check register from August and noted nothing significant. Several insurance policies were paid which are some of the bigger numbers along with health insurance and the retirement. There is also \$183,000 to EDS for grass cutting and janitorial and \$103,000 for Stuart Consulting which is reimbursable by FEMA. The check for Hydro Air is for repairs to breaks in the water line breaks at South Shore Harbor and Orleans Marina.

The Recap sheet shows the 2012 budget condensed in categories showing the General Fund, Lake Vista and the other funds through August 31. Mr. Bridges requested the actual from the prior year be shown for a 60 day comparison. Everything is basically the same with extra revenue due to the \$700,000 transfer from the Flood side. Expenses are different between the two because we wrote off bad debts last year so there is \$400,000 in the "Other" category that is not here this year. Expenses are close to last year and basically on track with the budget. This Authority was reimbursed by the Flood side for Police expenses in the amount of \$140,000 and they have to pay another \$70,000.

Chairman Hoffman questioned if employee relations of the Police Department have been transferred to the Flood side. Mr. Capo informed that when the MOU was passed between the Flood side and this side. Mr. Capo's appointed authority was transferred to the Flood side. Mr. Capo added that the police equipment will also be transferred to the Flood side.

Chairman Hoffman questioned the issue has been resolved regarding rental of the police station, assuming it is still a Non-Flood asset. Mr. Metzger informed that the Flood side has 60 days from the signing of the MOU to turn over

possession of the police station. Mr. Pappalardo added that the Authority is anticipating a reversion of that building. According to the City zoning map, this is residential land. At some point in time it lost commercial zoning. Mr. Gillen indicated that the building was a very old modular building and there are a lot of termites. We are probably looking at demolition of the existing structure. This Authority should coordinate with Lake Oaks to inquire what type of commercial endeavor they would like at the location and request help on leading the charge to change the zoning. The building is approximately 16,000 square feet and is ideal for a small coffee shop. Mr. Capo will attend Lake Oaks meeting on September 15 to address the issue of the police moving out of the building. Chairman Hoffman requested an action plan if the building requires demolition so we can act quickly so it does not become an eyesore or a safety hazard that is unoccupied. Let's be good neighbors and take care of our properties.

Mr. Pappalardo then addressed actions taken at the Real Estate Committee meeting which represents \$70,000 for the Authority in recommending two leases move forward to the full Board. One lease is for \$53,000 on the New Basin Canal for a restaurant. A lease was also approved for \$12,500 at the Lake Vista Community Center. At the Board meeting in August a two year lease was approved for \$61,000 which brings new revenues to \$117,000. Mr. Capo advised that the Flood side will be vacating the Lake Vista Community Center and leasing space from UNO Tech Park. The space is approximately 1,540 square feet and rents for \$14.00 per square foot which is \$1,900 per month.

Chairman Hoffman noted that the Budget versus Actual for Professional Services under the Airport is a large number. Ms. Wagener informed this was Stuart Consulting expenses for reviewing Airport contracts for FEMA. FEMA will be reimbursing the Authority most of this money. Chairman Hoffman requested to break out under Professional Services a line for litigation so we can track the amount of money that the certain litigation is costing. There are services that Mr. Metzger provides that are general in nature that may be related to the Airport such as signage issue versus litigation defense type issues. Mr. Metzger stated that he will open a separate file for anything that is connected with Flightline and bill it to that file.

Chairman Lupo informed that the signage project at the Airport is moving right along. This issue will be put on the full Board Agenda for September 22 to move forward with a Richard C. Lambert contract for master plan signage and design for the Airport. This will be done as an amendment to the RCL contract.

Mr. Pappalardo advised that the Real Estate Committee recommended hiring Mr. Win Perkins to do real estate work exclusively at the Airport and suggested the Authority use Airport generated revenue to pay Mr. Perkins rather than general revenues because his expenses will be Airport related. Mr. Capo informed there was \$18,000 in the Airport budget for real estate consultant. This should be increased in the Airport's budget line item for real estate consultant by \$5,000. Ms. Wagener added that this would be charged to real estate at the Airport but not against Mr. Pappalardo's \$60,000. Mr. Pappalardo suggested having a recognized line item for specialized professional real estate services at the Airport over Mr. Pappalardo's line item. Chairman Hoffman commented that this was addressed when the budget was adopted and will be part of the budget revision process. Mr. Capo informed there is not a line item specifically for Real Estate Consultant - Al Pappalardo. There is a line item for Real Estate Consultant which Mr. Perkins' fees will come out and will be charged against the Airport. It will reduce the expense item against the revenue line.

NEW BUSINESS

1) Discussion of financial impact from Tropical Storm Lee

Mr. Capo and Mr. Steven Nelson from Stuart Consulting toured the Lakefront and other properties on Tuesday to assess damages resulting from Tropical Storm Lee. The preliminary dollar assessment is between \$60,000-\$75,000. There is a formal report from Stuart Consulting Group addressing the damages.

At South Shore Harbor there were AT&T electrical or phone lines that the conduit is in the water. There were flooding issues at the Delgado Hangar due to rain and a strong east wind. The firemen are not aware of the drains that service this area being cleaned after Katrina so the flooding could be a result of the drain lines being blocked. There was damage to the decorative roof piece near the stairwell at the Lake Vista Community Center which will be taken down as soon as possible. There was a lot of wood and rock in the Marina. Mr. Dixon contacted Sea Tow to clean up the area at South Shore Harbor which will cost approximately \$1,200 for removal of the wood and lumber in the Marina. Some of the benches on Lakeshore Drive have the backs blown out and there was water in the shelters from when the wind shifted from the north.

At the southwest end of the Marina the asphalt has buckled. Gerry Gillen informed that the Flood side was sending this back to the design team to look at and remedy the situation. There is a hole forming in the new parking lot at Orleans Marina next to the flood gate and is starting to crack on the New Basin Canal on the west side of the Lighthouse Harbor Condominiums. There is a bench on Lakeshore Drive sitting in a sink hole. The Flood side plans to put a 10 foot concrete cap along the entire length of Lakeshore Drive. The road that goes down to Lake Terrace was also heavily under water. There were boards and debris by the Seabrook boat launch from the different piers and a sign by the breakwater snapped and floated up. There is also a bench that has been in the lake since after Katrina. Chairman Hoffman questioned if we would have any liability associated with the bench if a boat ran into the bench, particularly if we had knowledge of the bench being in the water. Mr. Metzger stated that we did not have any responsibility for the condition of Lake Pontchartrain besides the flood wall. Mr. Capo stated he would look to see if the bench was still out there as this is a safety issue that needs to be addressed. The Frank Davis Fishing Pier which was repaired after Katrina is in good shape. The approximate cost to repair the damage from Tropical Storm Lee is between \$60,000-\$75,000.

2). Discussion and approval to contract with Brister Stephens, Inc. as the lowest responsive bidder for the HVAC system replacement for the Lake Vista Community Center in the amount of \$40,900.00

Mr. Capo stated that there is \$35,000 in the budget for HVAC repair. The Authority received the mandatory three bids. Two bidders submitted bids but one bidder did not include their contractor's license number so we were left with the lone bid standing of Brister-Stephens of \$40,900. Staff's recommendation is to move forward with the replacement. Commissioner Dufrechou offered a motion to recommend to the Board to approve the contract with Brister-Stephens, Inc. for HVAC replacement at the Lake Vista Community Center, seconded by Commissioner Brien and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

Chairman Hoffman announced the next meeting is scheduled for September 8, 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.