

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
THURSDAY, JANUARY 12, 2012 – 4:30 P.M.

The regular monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, January 12, 2012 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 which constituted a quorum.

**PRESENT:**

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

**STAFF:**

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

**ALSO PRESENT:**

Gerard Metzger  
Al Pappalardo  
Steve Nelson

**APPROVAL OF AGENDA**

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

**APPROVAL OF PRIOR MINUTES**

Commissioner Brien offered a motion to approve the minutes of the Finance Committee meetings from December 8, 2011, seconded by Commissioner Dufrechou and unanimously adopted.

**OPENING COMMENTS**

Chairman Hoffman welcomed Commissioner Michael Stack who is new to the Board taking Commissioner Michael Bridges position who left at the end of December.

**REPORT BY EXECUTIVE DIRECTOR**

Pursuant to a request from the Airport Committee, Mr. Capo reported that fuel sales from July 1, 2011 to December 31, 2011 were \$240,712. Fuel sales from January 1-10 which includes the BCS, Sugar Bowl and the Saints playoff game were approximately \$30,500, which is approximately \$270,000 on the revenue side for fuel sales. \$600,000 was budgeted and we are right below the 50% mark on fuel sales for this year. The upcoming events will possibly increase that number. Last week there were approximately 121,000 gallons sold (112,000 gallons in jet A and almost 10,000 in avgas).

**OLD BUSINESS**

**Budget to Actual FY 2012**

Ms. Wagener reported that operating revenues are on target. The budget is at 50% as of December 30, 2011. \$2,289,000 has been collected with \$2,170,000

left to collect with possibly a little extra. We have spent \$331,000 of the \$700,000 transfer from the Flood division. A separate bank account is used to track expenditures charged against the \$700,000 to ensure there is compliance with the intent of the funds and the transfer of \$331,000 was from that account. By using these funds, no funds were transferred from the Bally's account leaving a balance of \$2 million in that account.

\$425,000 was spent for grass cutting from the general fund money which includes the \$700,000. The difference between the \$415,000 and \$331,000 is for grass cutting in the interior parks and the New Basin Canal.

Chairman Hoffman noted that we will end up over budget as \$57,000 was already spent on trash pick-up with only \$80,000 budgeted. It appears that more than 50% of the budget has been spent on grass cutting and trash collection through December. Mr. Capo informed when this was budgeted there was a reduced schedule of grass cutting and frequency. Grass cutting has now increased to 20 cuts per year. Lakeshore Drive is cut on a more frequent basis with two cuts per month, the same frequency used on interior parks. The increased frequency will increase the cost which will cause that line item to be over budgeted.

Chairman Hoffman advised the budget was based on revenue that included all monies for expenditures. If we end up spending more than what was budgeted, there will be no funds to do it. Chairman Hoffman requested grass cutting and trash pick-up be reviewed to determine what will be spent through the end of the year to see if it is within the revised budget. If it does not stay within the budget we need to determine how this expense will be funded to stay within the overall budget.

Chairman Hoffman noted that Orleans Marina looks like it is not quite at the 50% mark for the boathouses. Ms. Wagener advised of some boathouses that were in litigation and some boathouses were taken back and the Authority now owns 5 boathouses. Mr. Capo added that boathouses are quarterly payments from tenants who mail checks for the rent. There are some delinquencies and some slow payers on the boathouses also.

Mr. Capo informed that grass cutting is the biggest overage in the budget which also fluctuates. Currently, there are firemen picking up trash at the Airport. EDS is picking up trash on a daily basis from Building 103 to the Seabrook Bridge and at the fuel farm on a daily basis because it is very unsightly. This cost is \$1,500 per month. On the revenue side, there are two areas that can spike: South Shore Harbor if we get additional slip tenants and the fuel sales at the Airport. AeroPremier is coming on line February 1<sup>st</sup> for additional revenue the Authority will receive. AeroPremier has a \$100,000 per year credit as part of the settlement. At some point they will be paying the entire rent which would be in the neighborhood of \$300,000 annually.

## **NEW BUSINESS**

### **1) Discuss Fiscal Year 2013 Budget**

A first draft spreadsheet was prepared showing the 2013 budget. Even with the \$700,000 from the Flood side transfer, the budget is \$819,000 in the hole as opposed to last year being \$762,000 short. This is without a transfer in from Bally's. Budget hearings are scheduled for January 24, 2012 to go over the budget.

Chairman Hoffman noted one big impact is escalating insurance. Mr. Capo informed that insurance is presently unknown because many buildings at the Airport are coming on line which will increase the insurance. We are in the process of getting all insurance policies in sync with the fiscal year. Sometime

between April and June there will be an extended monthly pro rata share paid to get that in line.

The unknown for Personal Services is LASERS retirement as we will not get that number until May or June, if the LASERS retirement contribution will increase. The last several years there has been an increase and our contribution is presently up to 24% of the employees' salary.

Chairman Hoffman questioned if legal fees would decrease next year and if any litigation would be wrapped up. Mr. Metzger informed he would try to hold to the budget. The Dieter Hugel case should end this year as a trial date is set for later this year. A number of cases are sitting which will qualify for abandonment after three years. AeroPremier should come to an end with the FAA Part 16 Complaint. The FAA requested more information which was provided in December. It is unknown if there is a deadline on the decision, which is the biggest problem. Chairman Hoffman requested Mr. Metzger's projection for budget purposes.

Mr. Capo advised of recent expenses incurred on the Seebrook Bridge for replacement of a circuit board which is used to monitor action as the bridge is opened and closed. The bridge was also opened and closed for DOTD for inspection and is flexed periodically to keep the seals working. The Corps should wrap up there by next fiscal year. At some point the bridge will reopen which will require additional staff to operate the bridge. There are currently 30 staff. There will be a request for more, most of which will go to the Airport. One of the seven firemen has also resigned leaving only 6 firemen. As we move forward with the Part 139, there will be staffing requirements. This budget does not have the Part 139 cost included as far as major maintenance needed at the Airport but the budget does reflect staff. Now that we have the sponsorship of the Airport, FAA funding will resume. There is also \$140,000 that was loaned to DeQuincy Airport which will come back along with the regular allotment of \$150,000 which will allow for some additional work.

**2) Approval of publisher for publication of the proceedings and financial statements of the Non-Flood Protection Asset Management Authority as required under La.R.S. Title 43, Section 171**

Mr. Metzger informed the Authority is now a political subdivision of the State of Louisiana and the Authority is now required to publish all official minutes, resolutions and financial statements filed with the legislative auditor's office. The only newspaper in the Parish of Orleans that qualifies is the Times Picayune which will be the official journal of the Authority.

A resolution was prepared authorizing the Executive Director or Authority Chairman to sign the documents and take action necessary to publish what is required by law. Requirements for the official journal include maintaining a general paid circulation in the political subdivision for five (5) years and the newspaper must publish in an office physically located where the political subdivision is for at least five (5) years. Mr. Capo informed a more condensed version of Board minutes will be provided for publication as well as the resolutions.

Commissioner Dufrechou offered a motion to recommend approval of the Times Picayune as the official journal to the full Board, seconded by Commissioner Brien and unanimously adopted.

**3) Discussion and approval of terms of loan by the Management Authority to the New Orleans Lakefront Airport**

Mr. Metzger advised of conversations with Mr. Andy Velayos of the FAA regarding money loaned to the Airport by Orleans Levee District since Katrina. The Airport is a separate economic entity and the Authority wants to memorialize these loans which the Airport owes to the Authority. Due to FAA regulations the Airport must be profitable before money can be taken off of the Airport. Mr. Metzger is working with Mr. Velayos, who is in charge of the FAA in the State of Louisiana, to put this together. Mr. Capo advised of two lines of loans the Authority has given the Airport. One is the FEMA money that was applied to the Terminal Building which could have been used on other projects. Another loan to the Airport is on the operational side with monies loaned the last 6-7 years to the Airport as far as a loss.

We have to check with FEMA on how to account for FEMA funds that were used once the Airport starts repaying those funds to the Authority as this is FEMA money and cannot be used for operational expenses. The two FEMA transfers were for \$4.3 and \$1.9 million and will come back to the Authority in smaller amounts to be placed into an account for buildings, not operations. Chairman Hoffman commented that if the funds are reallocated in accordance with FEMA operations and put into a building we have complied with FEMA, everything else is internal.

Mr. Nelson questioned if the Authority would use the funding from the Airport to cover operations costs. Chairman Hoffman advised the Authority would want the funds to be non-restricted. Mr. Nelson advised this would be a question of how the FAA would view the transfer of funding between projects. FEMA cares about scope, the FAA does not. The FAA cares where the money was physically placed. This sounds like a question for the FAA and if they view it as a cash loan or as a transfer of an asset. Mr. Capo stated he does not see any issue with the FAA as long as we structure it as a loan.

**4) Discussion to perform a structural analysis for Lake Vista Community Center**

Mr. Capo informed of cracks appearing in his office and in suite 6517. The brick wall and a brick column is starting to separate on both ends of the building. No other complaints of cracking were received from any other tenants. Mr. Pappalardo informed that the cracks in Mr. Capo's office are more alarming as the office was redone in 1995, whereas the east side was not. Mr. Nelson advised that this was one of numerous cracks and it is not just on the column. There are horizontal and vertical cracks in the brick walls and in the back of the building. Structurally there may be some issues because the building is probably on a floating slab. It looks more serious than water intrusion. There is buckling in the asphalt and dry wall and things moving in all sorts of directions.

Mr. Pappalardo advised that the interior slabs of each store are on floating slabs as there are  $\frac{1}{2}$  -  $\frac{3}{4}$  inch depressions in Mr. Capo's office from the door to the slab which was poured new in 1995. The perimeter of the building is on a strong foundation and there are floating slabs throughout the building. At the front of the building at every entrance there is a concrete pour that raises the level of the sidewalk up to the level of the threshold. There is a beam around the outside of the building approximately 18-24 inches wide. The exterior walls sit on the beam and are solid but the exterior sidewalks are falling away along with the interior slab. Chairman Hoffman advised that the Authority will issue an RFP for a structural engineer to examine the entire complex because this is probably occurring in other places.

**5) Discussion and approval to submit a minimal payment to New Orleans Sewerage & Water Board on metered lines that supply the Orleans Marina, New Orleans, Lakefront Airport and South Shore Harbor Marina**

Mr. Capo has been working with the Sewerage & Water Board regarding water charges that occurred after the storm. There are three lines that feed the properties. Sewerage & Water Board is requiring the Authority to put down \$20,000 on each line for a total of \$60,000 to avoid disruption of service. Mr. Capo will continue to meet with Sewerage & Water Board to negotiate the water and sewerage charges in order to get the charges reduced. A meeting is scheduled with the Deputy Director of the Sewerage & Water Board, Robert Miller, for Friday, January 20<sup>th</sup>. It is staff's recommendation to pay the \$20,000 per meter and continue negotiations with the Sewerage & Water Board.

Chairman Hoffman noted that the Sewerage & Water Board has advised the Authority that the Authority owes \$328,000. Based on the Authority's analysis and historical usage it is closer to \$110,000. Mr. Capo informed that by making the \$20,000 payment on each line the Sewerage & Water Board would not arbitrarily shut off the water. The payment of \$60,000 would be applied toward the \$110,000 and negotiations will continue toward a settlement.

Mr. Capo stated one issue is the sewerage charge on the Airport and on the east end at South Shore Harbor. There should be zero sewerage charge for those properties after Katrina. Sewerage & Water Board gave a credit for three years going back but there is an additional period we should be forgiven for sewerage charges going back to the day of the storm. There was a leak under the roadway on Stars & Stripes which was discovered when water came up to the surface. Repairs to that line were approximately \$40-\$60,000. Right after the storm we did not discover the leaks so sewerage charges should be wiped out for that period which is what we are negotiating with Sewerage & Water Board. Mr. Metzger informed he would stipulate the \$109,000 owed and the payment of \$60,000 will go toward the balance of \$109,000 based on Mr. Nelson's analysis. The \$60,000 payment is not budgeted as it is a new expenditure. Commissioner Dufrechou offered a motion to recommend the payment be forwarded to the Board, seconded by Commissioner Brien and unanimously adopted.

**ANNOUNCEMENT OF NEXT MEETING**

Chairman Hoffman announced the next meeting is scheduled for February 9, 2012 at 4:30 p.m.

**ADJOURNMENT**

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

The meeting adjourned at 5:36 p.m.