

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, NOVEMBER 8, 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, November 8, 2012 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 4:34 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

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

FURTHERMORE PRESENT:

Management Authority Chairman Robert E. Smith Lupo

ABSENT:

Commissioner Patrick DeRouen

STAFF:

Louis Capo - Executive Director
Dawn Wagener - Non-Flood
Sharon Martiny - Non-Flood
Vincent Caire – Non-Flood
Chuck Dixon – Marina Manager

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Steve Nelson – Stuart Consulting
Ronnie Solis – OGB
Steve Bastrop – OGB
Wesley Mills – DEI
John Holtgreve – DEI
Tom Besslemen – United Health Care

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

The Finance Committee minutes of November 8, 2012 will be approved at the December 6, 2012 Finance Committee meeting.

OLD BUSINESS

1) **Discussion and recommendation for renewal of health care coverage with United Health Care and dental coverage with Crescent Dental**

Mr. Capo advised that representatives from OGB and United Health Care are present to discuss proposals for employee health care coverage. Both Flood and Non-Flood Authorities were rated as one unit with OGB and OGB is currently processing their numbers. The Flood Authority will make a selection at the Board meeting scheduled for November 15, 2012. This Authority will coordinate with

the Flood Authority. The Non-Flood Authority can break away from the Flood Authority with OGB.

Tom Besslemen, Gallagher Insurance Company, noted the Non-Flood Authority has a viable option with OGB as the rates are more attractive with OGB. It is a slightly different plan with a \$23,000 annual difference. The OGB plan has a lower office co-pay, but a higher pre-natal co-pay. The OGB drug card has a \$1,200 out-of-pocket up-front with the employee paying 50% of all prescriptions to a maximum of \$50. When the employee hits \$1,200 generics are free and brand name is \$15. United has a \$100 up-front deductible and a tiered drug card. The OGB plan is an HMO. United has an HMO with a POS (Point Of Service) which has a deductible then an 80/20 split.

United and Blue Cross have the most expensive networks nationwide. There will be a vote soon for Blue Cross to do the administration of OGB. If an employee goes out of network the OGB plan is slightly different as the employee pays 30% of the bill with a \$1,000 deductible. With United an emergency is treated like in network. Health care will be more difficult in the coming years as 2014 is the full implementation of the P-Packer bill. Next year the Authority will have to be fully compliant with the 2014 rule.

Chairman Lupo commented that with the P-Packer bill if everybody will pay in it appears as though there will be a tax that we will pay for health care for everyone in the United States and questioned if everyone will pay twice. Mr. Besslemen informed that Gallagher has developed software to perform financial analysis for groups such as this Authority to determine if the Authority should pay, play or do a combination. This Authority as a group must meet certain criteria such as is the plan affordable and credible. The Authority may determine not to pay into the plan and pay the penalty. Gallagher can perform that analysis for the Authority.

In 2014 the States will have the option to have exchanges. Governor Jindal has stated that Louisiana will not do an exchange, but behind the scenes they are performing preliminary work to determine if this state will do the exchange. If Louisiana does not do an exchange the Federal Government will put the exchange in. The exchange is many insurance companies advertising their product. The Authority can then decide what to buy. If the Authority chooses not to buy or have insurance the government will penalize the Authority. This will be a fine for the above ground economy, but the bill will not cover illegal immigrants which is the vast number who use the system. Illegal immigrants will still get "free care" through emergency rooms. The individual penalty is insignificant so many people will pay the penalty. The bill is ever changing and there have been many seminars on the Bill. There are mandatory classes that must be taken because the bill is changing every day.

Kim Briard, Gallagher Insurance Company, stated that there were many pieces to the Bill that have been delayed. Mr. Besslemen noted that he advises clients for the first 1½ years not to change plans unless it is absolutely necessary as essential benefits are required. Whether a company is penalized is up to the State and Louisiana will have favorable treatment. This Bill includes much controversy regarding wellness for women such as birth control, IUD's and the morning after pill. There is tremendous latitude with this bill. United is the biggest company out there and they really do not know everything about the Bill.

Chairman Hoffman questioned the difference between the Authority's current plan and the Point of Service and Option 5. Mr. Besslemen noted that the Authority has a \$500 deductible and the co-pays are slightly less. Option 5 is a \$1,000 deductible, has a \$100 co-pay and a \$100 drug deductible. Mr. Capo advised that co-pays will be decreased and the deductibles would be increased.

Chairman Hoffman advised that the Non-Flood Authority has been approved for employee health coverage under the OGB plan. Mr. Ronnie Solis, Office of Group Benefits (OGB) informed that the OGB plan, which is not plan specific, begins on January 1, 2013. The Authority will pay an adjusted premium for the first year and based on experience in the plan the premium will be adjusted the second year. This is strictly on Non-Flood employees. The Non-Flood Authority can do something different than the Flood Authority. Mr. Capo noted that the rating given by OGB was based on loss experience from Non-Flood and Flood Authorities combined. The Non-Flood Authority will be required to apply for a tax ID number to break away from the Flood Authority.

Mr. Besselmen informed the Committee that OGB offers two plans, the PPO and the HMO, and the choice is up to the employee on what to choose. It is a dual option. The Authority pays 85% of the cheaper plan and if an employee wants to buy up, they pay the difference. Approximately 90% of the plans are dual options. If the Flood Authority chooses OGB, this Authority could not stay with United due to the retiree system which has been a thorn since day one.

Mr. Capo advised that a deduction is made in December and paid one month in advance for January, so a decision has to be made at the November Board meeting. Chairman Lupo requested the information be sent to all Board members via e-mail prior to the Board meeting for review.

2) Discussion and recommendation to increase the ID/IQ contract with Stuart Consulting Group, Inc. in the amount of \$50,000 for Professional Engineering Services

Mr. Capo noted that a resolution was passed in July for Stuart Consulting in the amount of \$50,000 for the first half of Fiscal Year 2013. Last year the cost was approximately \$100,000. Currently the costs for Stuart Consulting are approximately \$46,000. The only amount that is reimbursable by FEMA is \$11,390 which are Isaac related funds and will be put into a PW. Mr. Nelson stated that the \$11,390 related to Hurricane Isaac excludes assessments of the facilities at Lakefront Airport, coordination and oversight of debris monitoring. Stuart will submit the costs to FEMA for reimbursement on a 75/25 cost share.

Mr. Capo informed that in the next six months the current projects will continue along with additional projects. The majority of these projects are non-FEMA related projects. Chairman Lupo advised the Peninsula Condominiums slips were acquired by the Authority when the lease expired and a breakdown of repairing those slips to Orleans Marina standards was presented to the Marina Committee. Stuart prepared the specs for the Authority to get bids for that project.

Mr. Nelson added that the light standards for the Peninsula at South Shore Harbor package is also complete. There may be a funding issue and a decision needs to be made regarding whether the lights will be installed and the cost of installation. Chairman Lupo advised that there are no light standards or guard rails to keep the public from falling or diving in the water in that area. Mr. Nelson stated that funding issues need to be addressed at the Peninsula slips prior to expending additional effort on that project. There is concrete replacement work and a window replacement at Lake Vista Community Center and a sink hole at Orleans Marina along with a number of smaller projects.

Commissioner Brien offered a motion to recommend approval to increase the ID/IQ contract for Stuart Consulting by \$50,000, seconded by Commissioner Stack and unanimously adopted.

3) Discussion and recommendation to increase the ID/IQ contract with Design Engineering, Inc. in the amount of \$50,000 for Professional Engineering Services

John Holtgreve advised that DEI was assigned a project under ID/IQ with an original budget of \$45,000. There are four projects including the underground storage tank removal and permitting, grass cutting analysis, Hurricane Isaac damages and assessment report and plans and specs for the Lake Terrace Fountain. Expenditures were reviewed through October 31, 2012 and currently total \$46,500. DEI is requesting an additional \$49,000 to complete the projects which will allow \$4,700 for the underground storage tank, \$22,000 for design of the Lake Terrace Fountain and \$13,000 to provide plans and specifications for bids on grass cutting which is an \$800,000 expense to the Authority. Due to the large expense an actual set of documents were prepared for bidding, advertising, review and recommendation. Chairman Lupo noted the documents were valuable to the Authority during the legislature when explaining to the government, Coastal Restoration and the Flood side what costs were related to the non-revenue producing assets of the Authority which required funding. This is how this Authority got the millage that was in the ballot. The documents show exactly what the acres are as the general public and legislators don't have a grasp of the green space and park areas which this Authority is responsible to maintain.

Mr. Holtgreve advised the Hurricane Isaac damage assessment report will be turned over to the Authority shortly. The cost associated with the damage assessment is approximately \$1.7 million. FEMA will review to determine if the costs will be accepted into the PW. The cost of the damage assessment report is approximately \$39,000 and is reimbursable to the Authority. That cost is not signed in with FEMA under the contract, but it is anticipated to be a reimbursement. DEI worked on Reach 1A and 1B, the roadways, seawall area and the fill that was lost and FEMA allowed this to be included in the PW along with the repair of the parking lot behind Shelter #1 to raise the area to avoid flooding. Reach 2, 4 and 5 were also reviewed along with the Lake Terrace area, Shelter Nos. 1, 2 and 4, the Pennick Dock and South Shore Harbor and were included in the assessment report. It is estimated that the amount needed to finish this work is approximately \$95,000. The original ID/IQ was \$45,000 and the estimated cost to complete the project is approximately \$53,500. This is an estimate and is reimbursable based on approved hourly rates. It is also suggested that DEI have funds to continue solving issues that arise over time and for additional work as needed. Mr. Holtgreve advised that the approved rates are DOTD rates prepared by audit and forwarded to Mr. Capo.

Chairman Lupo informed that the grass cutting dollars that the Authority spends for this project will come back each year as the Authority will get a more accurate bid on the amount of grass cut resulting in a savings of approximately \$100,000. The Authority spent \$39,000 for the damage assessment report and is looking at \$1.7 million from FEMA. The Lake Terrace fountain has been out of commission for 3½ years and the Authority has an obligation to repair the fountain.

Chairman Hoffman addressed the Authority's policy and questioned if items such as the Lake Terrace fountain would be done under an ID/IQ or put out for bid. Mr. Holtgreve advised that the project was listed at \$22,000. DEI worked on the fountain and continued with the design as DEI set up the green space analysis to determine the acreage of green space for the Authority for legislature. As a result of the difference in acreage it was decided to bid this out and insert the acreage into the contract for grass cutting due to the fact that the contract is an \$800,000 annual contract. The fee on the Lake Terrace Fountain looks high but to bid and document the job for candidates to submit without ending up with numerous change orders there has to be plan sheets drawn showing the demolition required, specs written for painting and cleaning and the necessary work to get the project complete. The fee looks large due to the construction side. There are FEMA curves and guidelines for some construction issues. The fee could be 25% on a \$100,000 construction cost as it recognizes the amount of work put into preparing the document.

Chairman Hoffman questioned the timeline for the Lake Terrace Fountain project. The Authority authorized DEI to begin the project and should get an estimate up front before we pull the trigger. The Authority is basically committed to an additional \$45,000 and it is uncomfortable to find this out in the middle of a project. Mr. Holtgreve stated that DEI prepared a timeline, man hour estimate and a cost estimate was prepared for the Lake Terrace Fountain. This is the time and cost that is estimated. Chairman Hoffman noted that this issue is an internal issue as the Authority has engaged DEI to begin a project without questioning what it will take, how much it will cost and when it will be completed. Chairman Lupo noted that there was great pressure from residents regarding the Lake Terrace Fountain. Staff had to determine what was needed to put the fountain into operation. This will be brought back to the Recreation Committee and then to the Full Board for final approval. Before the Board approves, plans and specs are required so the Authority can decide if there is enough money to go forward with this project.

Mr. Holtgreve advised that there is no more money left in the DEI ID/IQ contract and DEI is requesting to have the budget extended in order to complete these projects. The cost to complete the projects is approximately \$49,000. The underground storage tank had an initial budget of \$12,449 based on conditions known at the time. DEI got involved due to the environmental exposure and the lease with the landowner building the restaurant as the Authority is liable for that building. DEI gave an estimate, analyzed the bids made a recommendation and created a contract all of which was in the original agreement. The low bidder decided he did not want the project due to the way the contract was written so the second low bidder was chosen. There was a comment made regarding a second storage tank on the site. DEI researched a report from a consultant indicating there were no tanks on the site. The Authority was then put in a situation to either move forward based on a report stating no storage tanks were on site when one was recently found or perform more due diligence to protect the Authority in the event another tank was located. DEI did the due diligence and did exploratory excavations to locate additional tanks, but no additional tanks were located. The tank was removed, testing was performed and DEQ is satisfied. There was significant additional work done that was not contemplated at the beginning of the project. Mr. Mills added that the underground storage tank report is being finalized as DEI has comments as well DEQ. The contractor is including additional documentation regarding equitable landfill and disposal of the tank. Once that documentation is provided to DEQ they will issue their letter of acceptance for closure for that tank which will be completed within a week.

Mr. Holtgreve informed the time line for the grass cutting contract is approximately three weeks. A contract has to be prepared for Mr. Capo's review and signature so the contract can be sent out to bid.

Chairman Hoffman requested a formal proposal from DEI that includes time frames so the Board knows the parameters of the projects. The same is suggested for the grass cutting proposal, when the proposal be drafted and sent to the Board for review for better understanding of where the numbers come from. The underground storage tank removal project had unexpected encounters and that then it becomes a reporting mechanism.

Chairman Hoffman requested that Staff get the written reports on the grass cutting and Lake Terrace Fountain projects and go forward from there. Included in the report should be a timeline with the deliverables, what is included and what is excluded and what the costs are on the front end of performing the work. The Authority has to do the grass cutting and also has an obligation to get the Lake Terrace Fountain back up and running.

Chairman Hoffman suggested a motion to increase the ID/IQ to \$50,000 and at the next Finance Committee meeting present an estimate of what it will take to get the Authority through the end of the year. The \$50,000 will last until the next Finance Committee meeting then it can be determined what will be needed at that time.

Commissioner Brien offered a motion to recommend an increase of the DEI ID/IQ contract by \$50,000, seconded by Commissioner Stack and unanimously adopted.

4) Review of budget to actual Fiscal Year 2013

Ms. Wagener reported expenditures are below budget and revenues are even. Fuel flowage for the Airport was budgeted at \$922,000 for the year and is short of that estimate. The estimate was due to the Super Bowl, Sugar Bowl and basketball finals for significant increased revenues in January. The estimate of \$900,000 is divided over a 12 month period. Once the Super Bowl arrives the numbers estimated should meet the budget of the projected fuel flowage. Chairman Lupo noted that projections on the amount of aircraft come from the FAA. The NFL estimates approximately 600 aircraft at Lakefront Airport with an additional 150 aircraft at Louis Armstrong Airport.

Mr. Capo noted that URS prepared a capacity plan based on available space currently on the Airport. Based on the aircraft count and fuel flowage it is estimated that approximately 300,000 gallons of fuel will be sold during the Super Bowl. The FBOs will have the tanks filled to capacity and tankers on stand-by. One FBO advised that one client estimates using approximately 100,000 gallons of fuel. An additional 20 fuel trucks will be on the ground to fuel aircraft. One of the FBOs reported Net Jets will bring their own crew of approximately 30 people to run operations as they plan on pumping a large amount of fuel.

Chairman Hoffman noted that the budgets had no particular line item out of line. Contracted Services is high given it has only been four months, but that is due to the insurance. Ms. Wagener noted that there are some expenses without a budget that are Isaac related and those will be reimbursed. The budget should be at 33% of the expenses and revenues. Most expenses are under 33%. Grass cutting will drop during the next four months and is currently down to one cut per month. No money has been taken from the Bally's settlement accounts and the Authority is living on incoming revenues.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced that the next Finance Committee meeting is scheduled for Thursday, December 6, 2012 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:44 p.m.