

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
THURSDAY, FEBRUARY 9, 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, February 9, 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

**FURTHERMORE PRESENT:**

Robert E. Smith Lupo

**STAFF:**

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

**ALSO PRESENT:**

Gerard Metzger  
Al Pappalardo  
Fred Pruitt  
Tim Avegno

**APPROVAL OF AGENDA**

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

**APPROVAL OF PRIOR MINUTES**

Commissioner Brien offered a motion to approve the minutes of the Finance Committee meetings from January 12, 2012, seconded by Commissioner Dufrechou and unanimously adopted.

**OLD BUSINESS**

- 1) Discussion and approval to extend property insurance coverage from April 20, 2012 to June 30, 2012 to coincide with the end of the Fiscal Year**

Tim Avegno with Eagan Insurance informed the Committee that the cost to extend the policy from April 20, 2012 to June 30, 2012 is \$84,516.10 which is a pro rata extension of the premium and will benefit the Authority as property insurance has gotten tougher due to new wind modeling. The Authority will receive the same rates as expiring on the current policy which all three underwriters agreed to. Mr. Avegno informed that the \$84,516.10 includes the 5% tax.

Mr. Capo informed that syncing the insurances with the fiscal year makes it easier to budget going forward. The flood insurance policy will never be in sync with the other insurances. The Property and Marina Liability Insurance expires on July 1 and the Employees Professional Liability and Fuel Farm Insurance need to be extended to sync with the June 30 expiration.

Commissioner Brien moved to pass the insurance extension to the full Board, seconded by Commissioner Dufrechou and unanimously adopted.

## **2) Budget to Actual FY 2012**

Ms. Wagener informed that \$3.9 million in revenue has been collected to date with another \$2 million expected. Boathouse revenues at Orleans Marina continue to be light as the Authority has taken back two boathouses which were budgeted. No revenues are collected on these boathouses resulting in a \$25,000 reduction in revenues.

Chairman Hoffman questioned how the Authority could get the boathouses to produce revenue after they have been taken back. Mr. Capo informed that the Dewald boathouse has a tax lien total of \$161,000 dating back to 1979. Mr. Metzger informed that taxes have not been paid on this boathouse and that property was adjudicated to the City as part of a tax sale 30 years ago. The City has ownership of the boathouse and title to the improvements but has not taken control of the property. Mr. Dewald's estate is insolvent and the heirs have renounced taking the succession.

Mr. Metzger stated that the City bought only the improvements and is not legally obligated under the lease to pay rent. Mr. Dewald was paying the rent on the property that was adjudicated until he died. The City is holding the title, but did not assume the obligations under the lease so there is no assumption of liability under the lease. The Authority can go against the estate for rent, but the estate is insolvent. The lease will be or is cancelled. This property is not in a good position with the City having title.

Mr. Metzger informed that the Levee District has never kept track of tax payments. When the Authority became aware of this situation, letters were sent to each tenant in Orleans Marina requesting proof that tax bills were being paid. Action will be taken against tenants who have not paid taxes and those tenants will be defaulted as this is an obligation under the lease. Mr. Metzger will research the legal answer on why the City does not owe rent to the Authority. Mr. Capo informed that Mr. Dewald had two boathouses. Taxes were paid on boathouse 15 and Whitney, who has been paying the rent for two years, is trying to sell those improvements.

Mr. Metzger stated that the Authority could default the City and terminate the lease at which time the improvements revert back to the Authority. Mr. Capo noted that the City never paid money on these boathouses. Chairman Hoffman suggested that the boathouse issue be cleared up in order to get the boathouse back in commerce. A form letter should be generated yearly to all boathouse tenants requesting proof that the property taxes were paid.

Commissioner Stack arrived at approximately 5:00 p.m.

Ms. Wagener advised that more has been collected on slip revenues than projected. South Shore Harbor revenues were projected at \$300,000 and \$355,000 has been collected to date. With one quarter left we will exceed that revenue. Fuel at the Airport is \$90,000 short of what was budgeted. Additional revenues from the new Landmark lease containing the CPI adjustment will offset

some of that. New Orleans Lakefront Hangar renegotiated their lease and is paying a little more. Personal Services has \$725,000 left in the budget and we spent what was budgeted for the first 7 months. Contractual Services has \$1 million remaining with \$1.6 million spent which includes all insurance up front. Materials and Supplies are under budget. Professional Services are in line with what was budgeted with \$300,000 remaining. There are some Professional Services that have yet to be billed such as Stuart items that are not FEMA-related and some legal expenses are a month behind.

Mr. Capo addressed Contractual Services and stated that the current schedule of grass cutting will exceed the budget by approximately \$150,000. Grass cutting could be altered which would reduce the budget. Lakeshore Dr. and the interior parks look good. Last year there were long periods of time with no grass cutting. When the grass was cut, hay was left behind which killed the grass underneath. Grass Cutting does not include the Trash Pick-up as that is a separate line item.

Chairman Lupo added that grass cutting could not be reduced because of the warm weather. The negative is the dollar amount and the positive is we will be able to show legislators it costs more than the \$700,000 allocated to maintain Lakeshore Dr. With the upcoming event in April Lakeshore Dr. has to look good and the grass cutting should not be reduced.

Mr. Capo advised that he will meet with Mark Romig regarding how the Authority will participate in revenue sharing from the Air Show along Lakeshore Dr. It is a matter of how this will be arranged with the vendors. Mr. Pappalardo added that the vendors have all that in place, we need to establish a way to receive part of the sales which would be better handled on a central basis through their operations. There should be discussion regarding how much participation and how much is fair. It is unknown what the revenue will be from that event. The cleanest way would be to get a participation established on the front end. Mr. Capo suggested contracting with one group, not each individual group.

The Mardi Gras Marathon is scheduled for March 4, 2012 and will attract 20,000 participants at \$1.25 each with the Authority collecting over \$20,000 for this event. Mr. Capo informed that neither Bill Burke nor NOPD has produced a traffic plan regarding how traffic will be routed on Lakeshore Dr. and the arteries leading to Lakeshore Dr. Barricades will be placed in the center of Lakeshore Drive with cyclists in the center and pedestrians to either side. Chairman Hoffman advised that the window is closed for the Air Show to opt out. They had that option at the first meeting but the window to opt out is now closed.

Ms. Wagener noted that the budget is consistent with what was adopted. We have yet to spend the \$181,000 from the settlement account taken early in the first quarter. There is approximately \$300,000 remaining on the credit card account to pay the payroll and bills. A portion of that money may be needed to pay the \$95,000 bill for resurfacing the road at the Airport and there is another \$80,000 bill that needs to be paid. Those funds will not be used in the month of February other than to possibly pay for the major maintenance ticket items.

Mr. Capo informed of potential revenue coming on line May 1. Peninsula Condominiums, developed in the 70's, contained Parcel A consisting of a 20 unit condominium and Parcel B consisting of 45 boat slips or water bottoms developed by Epling & Pelius. When Parcel A was sold the rights to Parcel B were retained. The lease for those slips in Parcel B expires April 30 and that revenue will come back to the Authority. The attorney for the Lessee has been notified that the lease will not be extended. The rent roll has been requested so the tenants can be informed that May 1 there will be a new landlord. Some slips may need repair. If the slips can be leased they will be added on the general

liability and the Authority will start collecting rent. The slips include 33 30-foot slips, ten 40-foot slips and two 45-foot slips.

Mr. Capo advised that there is no waiting list for people who want to rent slips. Mr. Dixon informed that an e-mail is sent to current tenants at Orleans Marina and posted on the bulkhead of each pier advising of available slips. Mr. Dixon suggested moving the 45 tenants to South Shore Harbor. Mr. Capo added that under the current rates the 45 slips would add approximately \$98,000 per year in revenue.

### **NEW BUSINESS**

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

Mr. Capo advised that the Marina, Airport and Recreation budgets have been revised. Rent at Orleans Marina will be increased by 10% and 5% at South Shore Harbor which will increase revenues. We have cut back on Engineering or Professional Services, Engineering Real Estate, Accounting and Labor Services. There is some Major Maintenance to the Orleans Marina as no significant maintenance has been done at Orleans Marina since the storm. After increasing revenues and reducing expenditures there is still a deficit of \$940,000 with Lakeshore Dr. being the major part of the deficit.

Mr. Capo stated that the budget for the Airport was refined to include a slight increase in revenue due to the Bastian-Mitchell Hangar in the 4<sup>th</sup> quarter of 2013. The budget does not include revenues from the Terminal Building or the James Wedell Hangar. This budget is the hardest year to project because there are so many unknowns. What is driving the budget is the insurance costs for the properties. Chairman Hoffman commented that if the budget was adopted as it stood, \$941,000 would have to be transferred from Bally's as compared to \$763,000 from last year. Chairman Lupo stated that the Authority is moving forward and getting things done to increase revenues in the future. It is important that we go out three years as recommended so we have something that shows that the Bastian-Mitchell and Walter Wedell Hangars are going to be leased.

Chairman Hoffman requested that each committee continue to revise and improve their budgets with a final recommended budget to be presented at the March Finance Committee meeting. The budget will then be discussed and presented to the Board at the end of March with a final budget by April.

Chairman Lupo suggested a meeting to discuss insurance from a real estate developer's standpoint.

Mr. Capo informed the Committee that the Sewerage & Water Board is increasing their rates. The new buildings are metered and the water bill will be a lot cleaner. Most of the breaks have been identified and repaired. Mr. Dixon added that the 4-inch line that was broken at Orleans Marina has also been fixed. This break may have occurred during pile driving. Every 2 years the Promenade is built up because the grass and dirt are subsiding due to the wash from the bulkhead. There is approximately 3-4 inches that sinks and 10-12 feet from the flood wall is all packed crushed concrete.

Mr. Pappalardo informed the Committee that the engineering study from URS and DEI regarding the Point Building and Bally's Terminal Building advised that neither building had damage that could not be repaired and they were not considered substantially damaged. However, neither building was built to the required flood elevation at the time of construction in the early 90's so it is not possible to receive a grandfathered flood insurance rate. A flood elevation will be secured on the Bally's Terminal slab. The Terminal Building may be salvaged by constructing a 4-5 foot false floor to bring it in compliance with current flood elevations. The second floor is outfitted for offices and contains 8,035 square

feet. The engineers suggested that the Point Building be demolished as it cannot be salvaged.

Mr. Pappalardo addressed the issue of providing canopies throughout the Marina as suggested by the Counselors of Real Estate. The Terminal Building could be gutted and used as an open pavilion on the ground floor with the second floor containing the Harbor Master office and office space that could be rented. The Counselors also suggested improvements at the Marina such as new showers, restrooms and a laundry room which could be built on the slab in the pavilion for Marina tenants. No flood insurance would be secured on the pavilion which would be treated like the shelter houses and hosed out if flooded. The slab is built at a plus 13 and there is 21,730 square feet on which concrete blockhouses could be built in the area that contains the plumbing from the casino restrooms. This would provide a covering and electricity could be added for festivals and concerts. The ground floor would not be insurable but would provide cover and the opportunity to bring immediate life to the Marina. The elevator shaft would be retrofitted with a new elevator to service the second floor for ADA compliance.

Commissioner Dufrechou commented that the open air pavilion has potential to attract people for festivals and concerts. Chairman Lupo suggested the possibility of the Lake Pontchartrain Basin Foundation having their festival at the Marina. There is still development for the highest and best use and the Terminal Building could serve a good use.

Mr. Capo advised that the west side on the second floor of the Terminal Building is exposed to the elements. The area should be sealed in case of a weather related event to prevent the roof from being taken off. Chairman Lupo suggested getting quotes to seal the area which should have been done years ago. That is a preservation of assets. Mr. Capo informed that was put on hold pending the structural analysis to determine whether the building would be kept.

#### **ANNOUNCEMENT OF NEXT MEETING**

Chairman Hoffman announced the next meeting is scheduled for March 8, 2012 at 4:30 p.m.

#### **ADJOURNMENT**

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

The meeting adjourned at 5:20 p.m.