

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, AUGUST 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, August 9, 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.

In the absence of Chairman Hoffman, Commissioner DeRouen was asked to chair the Finance Committee meeting. Chairman DeRouen called the meeting to order at 4:37 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Commissioner Patrick DeRouen
Commissioner Michael Stack
Commissioner Stanley Brien
Commissioner Carlton Dufrechou

ABSENT:

Chairman William Hoffman

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Wesley Mills – Design Engineering, Inc.
Walter Baudier – Design Engineering, Inc.
Joan Rogers – Boathouse
Victor Brossette
Phyllis Brossette
Ray Landeche - Lakeshore

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 July 12, 2012, seconded by Commissioner Dufrechou and unanimously adopted.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo reported that removal of the underground storage tank is underway on the New Basin Canal and a contract was signed with DEI to act as the Authority's engineers to oversee the removal of the storage tank. Environmental Compliance Management Services, LLC is the contractor performing the work, filing necessary paperwork with DEQ, removing the tank and doing soil testing for any contamination outside of the tank.

Mr. Capo informed that Coastal Engineering performed the site inspection when the property was reverted from the Wildlife & Fisheries to the Levee District in 1994. Coastal Engineering has not been put on notice that the report has a

material omission regarding the underground storage tanks for fuel. Chairman DeRouen advised the Finance or Legal Committee to put Coastal on notice immediately. Mr. Capo stated that a letter would be drafted to the attorney regarding this matter. There was correspondence in the 90's between the Levee District and Wildlife & Fisheries regarding underground storage tanks in which Wildlife & Fisheries stated they were not aware of any underground storage tanks in that area.

Mr. Pappalardo informed the Committee that Wildlife & Fisheries had that property for many years. When the property was returned to the Board it was done between Wildlife & Fisheries and the Chief Engineer of the Levee District, Mr. Bailey, who was Steve Spencer's predecessor. If Wildlife & Fisheries had a tank and pump for their use it would have been seen from the street.

Mr. Capo stated that the Authority is currently paying to remove the tanks which will cost approximately \$17,500 provided there is no soil contamination. A second tank has also been reported, but the second tank has not yet been found nor has it been searched for. This Authority had no knowledge of tanks in that area at the time the developers of the property advised that a tank was found. It was believed that if there were tanks in the area they were removed. The developers started digging for a tank after a Sewerage & Water Board employee (former employee of Wildlife & Fisheries) advised of a tank in the area and perhaps a second tank farther to the south.

Commissioner Stack added that a DOTD employee is researching DOTD records for information regarding any underground storage tanks. A survey was recovered showing the Wildlife & Fisheries property and the old Gulf service station that was also in that area. The employee performing the research contacted older employees of Wildlife & Fisheries who stated they had no knowledge of any storage tanks on the site. Mr. Pappalardo advised that the Gulf station soil was remediated by the Levee District and the tanks were removed. There is approximately 500-600 linear feet difference between the Gulf station and the Wildlife & Fisheries site. The old Gulf station site is part of the new Tides, LLC lease.

Mr. Metzger advised that Coastal would be put on notice along with the Commissioner of the Department of Wildlife & Fisheries. A meeting will be requested to discuss reimbursement of this expense.

NEW BUSINESS

1) Discussion for approval of transfer of Boathouse N2, 3 & 4

Mr. Metzger informed that the transfer of Mrs. Rogers' boathouse, which is now held in 154, LLC, has been in progress for several weeks. The purchasers are Mr. and Mrs. Brossette. Mrs. Rogers' LLC owns the improvements and the price is \$300,000. The conditions for approval are payment of the transfer fee, which Mrs. Rogers has agreed to, and dismissal of the lawsuit filed regarding Schubert's restaurant. A motion was filed and the Order dismissing the suit with prejudice has been received. Also, an Affidavit will be executed by both parties regarding the consideration paid, as stated in the Act of Assignment, and that that is all the consideration that is being paid. Commissioner DeRouen welcomed Mr. and Mrs. Brossette to the neighborhood and stated that it is a nice place to live.

Commissioner Brien offered a motion to recommend approval of the boathouse transfer to the full Board, seconded by Commissioner Dufrechou and unanimously adopted.

2) Discussion and approval for an ID/IQ contract with Design Engineering, Inc. for professional engineering services

Mr. Capo advised that the Authority periodically has projects that require engineering services. Specifically, DEI has put together a reassessment of all grass the Authority is obligated to cut on all properties and an ID/IQ contract is needed to allow DEI to administer the RFP process for the Authority. DEI also did a preliminary assessment on the Lake Terrace Fountain and is working on the two underground storage tanks. DEI has done all work on Lakeshore Drive including the realignment of Lakeshore Drive and the drainage as there is currently drainage problems throughout Lakeshore Drive. An ID/IQ contract is requested in the amount of \$50,000 for DEI for the fiscal year of 2012-2013.

Commissioner Dufrechou offered a motion to recommend the ID/IQ contract for DEI, seconded by Commissioner Brien and unanimously adopted.

3) Request for approval to fill critical need positions for New Orleans Lakefront Airport and Property Maintenance

Mr. Capo noted the Board passed a Resolution in 2010 implementing a hiring freeze. With the Super Bowl and Lakeshore Drive coming on line next year, an Airport Manager position is needed to assist Mr. Pruitt in operations along with a fireman position and a maintenance position. The Authority has advertised for the Airport Manager position due to the critical nature with the Super Bowl quickly approaching. The salary range is \$35,000 to \$60,000.

The fireman position at the Airport is to fill a vacant position. The Maintenance position is needed as there are presently only two maintenance personnel. Additional maintenance workers are supplemented from West Staff personnel and are limited to 680 before the employee is replaced due to State Civil Service rules. The Maintenance position will primarily deal with Lakeshore Drive, lights and shelter houses, Lake Vista Community Center and Orleans Marina. The Airport maintenance personnel will stay at the Airport. There are three maintenance positions budgeted this year. The remaining two positions will be filled as the need arises.

Commissioner Stack offered a motion to recommend to the full Board approval of filling critical need positions, seconded by Commissioner Brien and unanimously adopted.

4) Review of budget to actual Fiscal Year 2013

Ms. Wagener noted that few expenses were in the August budget to actual as July the expenses reported and paid are for last fiscal year. Expenses are low with the only large expense being under Contractual Services as insurance was paid in July. Of the \$714,000 expense, \$656,000 is for insurance. Of the \$1 million originally to be transferred from Bally's, only \$576,000 has been transferred to pay insurance.

Lake Vista's revenues are at 14% and we are 8% through the budget so we have made some money in Lake Vista already. Orleans Marina received 24% of their revenues and South Shore Harbor has 19%. Orleans Marina is mostly quarterly so we should be at 25%, but they do have some monthly payments that will come within the next two months. South Shore Harbor is the same way, it has monthly and quarterly payments so this is a good number for the Authority the first month. New Basin Canal revenues are at 21%. For the first month at the Airport, other than the Fuel Flowage, revenues are only at 5% so far, and we projected 8%. This will pick up within the next month or two.

The current balance in the two Bally's settlement accounts is \$1.78 million. There is \$424,000 remaining to draw down for this year. The projected balance for June 30, 2013 is \$1.34 million, without any unforeseen expenditures. The Bally's Terminal Building is the only large expenditure that would draw down

funds quickly from the Bally's account as the estimate to close the second floor, repair the roof and for demolition is approximately \$330,000. This does on include modifying the bottom floor.

Mr. Capo noted that the check for C.T. Traina was for removal of debris and a boat in Orleans Marina. Mr. Dixon explained that the marina gets high water and debris comes in to the Marina along with broken cross members. C.T. Traina removed the debris and the Authority seized the boat for non-payment and moved it to the New Basin Canal. The boat is presently up for sale.

5) Discussion and approval of Louisiana Compliance Questionnaire

Mr. Capo noted that the La. Compliance Questionnaire is filled out each year by the Authority and the Board passes a Resolution to present to the auditors. The questionnaire will have the appropriate responses noted for the Board meeting. A recommendation is needed to place the item on the full Board Agenda. Commissioner Brien offered a motion to place the Compliance Questionnaire on the Board Agenda, seconded by Commissioner Dufrechou and unanimously adopted.

6) Discussion of SLFPA-E Resolution 07-12-04-04

Chairman DeRouen informed the Committee that the Flood side passed a resolution at the SLFPA-E July 12, 2012 meeting to have slip millage placed on the November presidential ballot. The funding of \$700,000 that this Authority relied on has gone to maintain Lakeshore Drive. The justification that this Board is entitled to a percentage of that millage is when the millage was passed out of the proposition on the ballot, it was passed for "Lakefront capital improvements, landscaping and stabilization".

Walter Baudier, DEI, noted that Resolution also included Lakeshore Drive erosion control. There were several other items such as Lakeshore Drive erosion control any projects the Board deemed necessary to build, the parking lot adjacent to Landry's, the bridges adjacent to Lakefront Airport and the crossings at Downman Road as well as South Shore Harbor Blvd. and Stars and Stripes Blvd.

Chairman DeRouen compared the Resolution passed by SELFPA-E to be put on the presidential ballot and noted that the number of mills is 6.07 for 30 years, identical to the existing slip millage. However, the purpose of the SELFPA-E proposal and the Agenda item is different from what the existing millage language states. Existing millage language contains "*Lakeshore Drive seawall erosion control along with Lakefront capital improvements, landscaping and stabilization*". The SLFPA-E Resolution language to be put on the ballot is for "*Constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection and all other purposes incidental thereto, including payments required in connection with debt obligations incurred for any of the above described capital purposes*". In speaking with several people prior to this meeting, no one was aware of the Flood Division's actions. The SLFPA-E Agenda containing this Resolution is dated July 12, 2012 and the description states "*Motion relative to the renewal of the OLD special levy improvement tax*". The SLFPA-E Agenda item and the Resolution that was passed are two different things. Commissioner Dufrechou noted the primary difference in the Resolution is that "*Lakefront capital improvements, stabilization and Lakeshore Drive seawall erosion control*" is omitted.

Chairman DeRouen informed the Committee that the 1983 proposition presently in effect specifically identifies flood projects including the floodwalls at Pontchartrain Beach, Orleans Marina, floodwall extension at Seabrook, Bayou St. John, 17th Street Canal, Orleans Ave. Canal, London Ave. Canal, American Standard, Lakeshore Dr. seawall erosion control, field operation/office construction within flood protection, Lakefront capital improvements,

landscaping/stabilization, maintenance of flood protection facilities, and all hurricane and flood protection projects determined necessary by the Board. The Flood side has resolved to simply put on the ballot “*Construction and maintaining levees, levee drainage, flood protection, hurricane flood protection and for all other purposes incidental thereto including payments required in connection with debt obligations incurred for any of the above described capital purposes*”. Because of the difference in language, this Board lacks standing to request from the Flood Division reimbursement for maintenance or preservation of Lakeshore Drive.

Commissioner Dufrechou noted that this Authority’s primary concern and justification for the funding of \$700,000 is that the language “Lakefront capital improvements, landscaping and stabilization” is omitted from the SLFPA-E Resolution and questioned if anything was defined regarding what percentage went to what item or a dollar value of each item. Mr. Baudier advised the Committee that there was no specific percentage allocated to any particular item. A slip budget was prepared on a regular basis describing what was to be funded throughout the year. There was never an issue if something was added to the budget as the budget was flexible.

Mr. Metzger informed if the SLFPA-E Resolution is approved and on the ballot for November, funding this Authority previously received from the Flood Division will cease. A statutory amendment was enacted in 2011 which made available from the Flood Division \$700,000 for a period of two years and the Authority has been operating under that statute. Mr. Capo informed the Committee that the Authority received the second \$700,000 payment so the statutory amendment has ended.

Chairman DeRouen advised that the SLFPA-E Resolution referred to is on the La. State Bond Commission Agenda for August 16, 2012 at 10:00 a.m. in the Capital, House Committee Room No. 6. As the Bond Commission meeting is prior to this Authority’s next full Board meeting. Chairman DeRouen suggested and Mr. Metzger advised that several Board members should attend the Bond Commission.

Mr. Metzger advised that if this Authority desired a separate bond issuance a Resolution would be needed for the bond issuance and the imposition of a tax. A Resolution is not needed for the Authority Chairman or Commissioners to attend the Bond Commission to discuss complaints or issues with the SLFPA-E Resolution with the State Bond Commission.

Chairman DeRouen requested this item be added to the full Board Agenda with all documentation presented at this meeting, specifically the SELFPA-E Resolution No. 07-12-12-04 and the existing slip millage. Mr. Metzger will research if this Authority is time barred to pass a Resolution to get on the November ballot.

Commissioner Heaton noted that she was out of the country for the July SLFPA-E meeting and does not know the rationale behind the Resolution. What will appear on the November 6 ballot, if approved by the State Bond Commission, is a renewal of a tax that expires in 2015. Commissioner Heaton suggested this Authority’s Chairman confer with SLFPA-E’s Chairman to get clarification on the language SLFPA-E proposed. Chairman DeRouen added that the SLFPA-E Resolution that is being presented before the Bond Commission is not a renewal it is a change in the purpose of the funds. Commissioner Heaton noted that the Godfrey Firm was handling the matter for the Flood side, but since Jarrell Godfrey retired it is possibly Tommy Anzelmo.

Commissioner Heaton advised that a .75 millage was passed in perpetuity for projects that were completed and for operation and maintenance. The millage may have been passed in 1999 for the purpose of completing certain projects

and for operation and maintenance and general money for those projects. There was no deadline on that millage that the public passed. It was discovered in 1999 and assessed in 2000. Mr. Capo informed that this was passed by the public before 1999 as a separate issue, but the Board had not needed to levy it.

Chairman DeRouen requested Legal Counsel identify the legislation and Board Resolution that was passed along with the proposition that was approved by the voters prior to the Bond Commission meeting and any future communications between this Authority's Chairman and the Chairman of the Flood side.

Mr. Capo prepared the projected costs for non-revenue producing obligations that this Authority is obligated to properly maintain which cost is in the neighborhood of \$1.9 million. Non-producing obligations include grass, including grass along New Basin Canal between Veterans Blvd. and Robt. E Lee, all interior parks, Lakeshore Drive, the shelter houses. This cost also includes future power and water costs on Lakeshore Drive, maintenance of the 990 lights along Lakeshore Drive and removing graffiti on shelter houses. Chairman DeRouen noted that information is very important prior to the Bond Commission meeting and requested Mr. Capo circulate the information regarding this Authority's projected costs of non-revenue obligations.

Commissioner Heaton advised that while this Authority is focusing on costs regarding maintenance and utilities on non-flood assets, the Flood Division's main focus has been operation and maintenance for the new flood control system which is anticipated to be in the millions.

ANNOUNCEMENT OF NEXT MEETING

Chairman DeRouen announced the next meeting is scheduled for Thursday September 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 5:32 p.m.