

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
THURSDAY, SEPTEMBER 6, 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, September 6, 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 4:37 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

**PRESENT:**

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

**FURTHERMORE PRESENT:**

Chairman Robert E. Smith Lupo  
Commissioner Darryl Saizan

**STAFF:**

Louis Capo - Executive Director  
Dawn Wagener - Non-Flood  
Sharon Martiny - Non-Flood

**ALSO PRESENT:**

Gerard Metzger – Legal Counsel  
Al Pappalardo – Real Estate Consultant  
Steve Nelson – Stuart Consulting  
Constable Lambert Boissiere  
Ray Landeche - Lakeshore

**APPROVAL OF AGENDA**

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

**APPROVAL OF PRIOR MINUTES**

The minutes of the August 9, 2012 Finance Committee meeting will be presented for approval at the October 4, 2012 Finance Committee meeting.

**OPENING COMMENTS**

Chairman Hoffman and the Finance Committee commended the staff for their job during Hurricane Isaac with not only the Airport assets, but all of the assets and making sure that we got back into service as quickly as possible.

**PRESENTATIONS**

**Lambert Boissiere – Constable, First City Court - City of New Orleans**

Constable Boissiere requested to view the former police station of Elysian Fields and Lakeshore Drive to determine if the building could be used as an extension to the Constable's Office. This location could be used as a work station for officers to meet and distribute notices. Chairman Hoffman agreed to the Constable's request and informed that the building does need some repairs.

Chairman Lupo noted his agreement and advised that the Constable bring a contractor to determine the condition of the building as there has been no construction analysis performed on the building. Feedback after a cursory walk through of the police station advises that the building is in bad shape. Constable Boissiere advised that what is primarily needed is a division room, a private office and a basic facility for deputies to meet and distribute papers. A radio dispatch unit is not needed.

Chairman Lupo informed the Constable that office space will soon be available in the Lakefront Airport Terminal Building. The Terminal Building would be closer to New Orleans East and having a government agency in that space would be great. The Terminal Building should be complete at the end of January 2013. There will be no spaces built out on the second floor, but space planning could be initiated to determine what the Constable's needs are. The space would be very attractive as it is necessary to create some mass and synergies at the Airport to attract tenants for the restaurant to be successful. This may be the beginning of that success. Chairman Hoffman suggested the Constable view both buildings. This type of operation at the old police station would be ideal as there would be little traffic coming and going.

Mr. Pappalardo noted that the police station site began as a service station and approximately 30 years ago the Levee District Police moved in and expanded the service station footprint by adding modular buildings. After touring the building with Mr. Capo, it was noted that the building has numerous places where there are differences in the floor level. The building was earmarked for possible demolition as the land the building sits on is zoned as residential. Without a waiver from City Council and neighborhood cooperation no business enterprises could be situated in that area. A Constable's Office may be permitted in a residential neighborhood as police stations can be placed in residential neighborhoods.

Mr. Pappalardo advised that there were no estimates prepared regarding the cost of renovating the building as it cannot be leased due to residential zoning. The building had commercial zoning when it was a service station, but while the Levee District Police were using the building, since the Levee District is an institution with governmental use, the City Council changed the zoning. Constable Boissiere advised that he would look at the former police station and inside the Terminal Building and determine the cost of each.

Chairman Hoffman noted Commissioner Dufrechou's arrival and Mr. Capo advised that Commissioner DeRouen would be arriving shortly.

## **NEW BUSINESS**

### **1) Review of budget to actual Fiscal Year 2013**

Ms. Wagener reported that revenues are as expected. Due to the storm, the recap does not reflect fuel flowage for August. Those numbers are being collected and will be billed to the FBOs which will increase revenues next month.

Several expenditures are below what they should be at this point. Contractual Services are high due to insurance and additional money needed to be added to Lake Vista for insurance. Orleans Marina is tracking on revenues and expenditures. South Shore Harbor shows additional Materials & Supplies expenses due to clean-up and improvements that were not sufficiently budgeted. Major Maintenance money in South Shore Harbor can be moved to cover those expenses.

Mr. Capo advised that rain has slowed grass cutting, but grass continues to be cut on the same frequency. Grass cutting is at what was budgeted as it has not increased or decreased.

Chairman Lupo questioned how the rent money from Orleans Marina was restructured. We approved a certain amount of dollars that was going to be raised in the rent, but then we guaranteed that those dollars would be spent at the Marina for repairs. Is that reflected in these numbers?

Mr. Capo explained that money from Orleans Marina would be captured under Major Maintenance. Tenants are paying the same rent, but at a 10% surcharge. Approximately \$90,000 will be in Major Maintenance reflected as a revenue item as it will come in as revenue and will be reflected in the 2012-2013 budget. Mr. Capo explained that the expense would come out of the Major Maintenance category and will be tied to improvements to reflect that \$90,000 was spent on improvements to allow the assessment again next year. Ms. Wagener added that for special projects at the Marina, there will be a project number assigned and placed at the bottom of the schedule under "Major Maintenance". It will not be part of the general operating expenses. Each project will be assigned a different project number to track what was spent on each repair. Chairman Hoffman advised that maintenance projects will be vetted and approved by the Marina Committee. Mr. Capo added that most repairs would have a dollar value which would require Board approval.

Chairman Hoffman pointed out that while it is in the revenue line, it is on the 10% slip surcharge. This will be carried on a separate line item in the financials for tracking purposes. Financials are very early in the year so it is hard to get a trend going.

Ms. Wagener informed that the financial audit was prepared by Silva, Gurtner & Abney and was sent to the Authority the week prior to the hurricane. On Friday approval was given on all numbers with the exception of one line account that is due from the Flood for the co-pay liability and benefits entry. The Flood side hired an actuary to prepare new numbers for this year and they are still deciding what those numbers should be.

Mr. Capo informed that there were no findings, either management comments or material weaknesses on the audit as the Authority has not been asked to respond to anything. Chairman Hoffman requested that Mr. Capo inform the auditors that the Board would like a presentation regarding the audit report so it is in the record along with how the Authority fits into the overall package.

## **2) Discussion of impact of Hurricane Isaac**

Mr. Capo reported costs the Authority has expended up to this point and costs that have yet to be expended due to Hurricane Isaac. Presently, projected costs are approximately \$27,714 for a roll off container to dispose of damaged equipment and a pod to store furniture from the Airport Director's office. Clean-up of the runways in front of the Airport was approximately \$15,139. A contract was signed with Kevin Clark Electric in the amount of \$3,500 to replace the transformer and electrical components in the rotating beacon in front of the Airport that controls electrical along the water. EDS submitted a proposal in the amount of \$7,285 to pick up debris in the interior parks, along Lakeshore Drive and to remove debris and branches that have been left behind. Those projects total \$27,714. Not reflected is flood insurance deductibles which total \$5,000 per building. There are currently seven buildings identified that have flood damage for a total anticipated expense of \$35,000 for flood insurance deductibles. All buildings are on the Airport or the Shelters on Lakeshore Drive. Also not reflected in this report is additional staffing and overtime costs for firemen or exempt employees. Chairman Hoffman suggested labeling the report preliminary expenses so anyone looking back at the record will understand that these are preliminary numbers.

Mr. Capo addressed damages from Hurricane Isaac and reported no flooding at the Harbor Master Building at Orleans Marina. DEI assessed minor damage at Orleans Marina and a report on that damage is forthcoming. There is a \$250,000 minimum deductible which limit will not be met in damages. Orleans Marina had several damaged boats, two of which were sunk. Sea Tow was contacted to put boom around the boats to prevent additional fluid spillage from the boats. No revenue was lost at Orleans Marina and there is no visible roof damage.

The Pennock Dock on the New Basin Canal is presently being assessed. Some deck boards popped up when the water was rising. Those damages are being assessed to determine what the cost will be to make those repairs. Piers are not covered by insurance and the Authority will take the cost of the repairs.

Chairman Lupo stated the bottom line is that there is no catastrophic damage to any of the properties. There are no demolished buildings or flooding to any extent that got into electrical vaults. Mr. Capo noted each facility had minor damage such as roof leaks and water intrusion, but nothing of a catastrophic nature. The only damage of a catastrophic nature was at Lakefront Airport due to the flooding which the FBOs are taking care of. Chairman Lupo explained that FBOs are responsible as tenants for tenant improvements. The contractor will be responsible for the temporary power switch installed in the crawl space during the Terminal reconstruction. The Authority came out of this storm in good shape, but unfortunately these insurance policies are written with high deductibles. Although the damages were not catastrophic they will still amount to tens of thousands of dollars. Mr. Capo agreed and informed that the issues regarding the electrical problem, a pipe leak and missing flashing on the roof, it may not be too bad. Chairman Lupo noted that the repair costs are great numbers given that this was a time of catastrophe and emergency people were caked to work. The vendors are giving the Authority good prices and not taking advantage of the situation. Mr. Capo added that Pipeline Services, Inc. did a very good job at a reasonable cost. There is no visual roof damage at the Shelter Houses so there will not be much work there. The flooding will be covered by the flood insurance due to the serious flooding at the Shelter Houses.

Mr. Capo reported that DEI will look into the issue regarding wiring for the street lights on Lakeshore Drive. The Authority may have to go to FEMA. After Katrina FEMA repaired between the street and the back of the seawall, the top of the street and the levee and Federal Highway repaired Lakeshore Drive. DEI informed there may be a joint set-up in this situation also. Because the street lights were sitting in salt water, Mr. Capo requested that the lights be powered on by generator to ensure the lights are still functioning as it is possible that water got into the street lights.

Commissioner Dufrechou complimented Mr. Capo and the staff for getting Lakeshore Drive and Lakefront Airport opened rapidly and powered back. Mr. Capo stated that he could take credit for Lakefront Airport, but credit for Lakeshore Drive must be given to the Flood Side and Gerry Gillen's crew who were working first thing on Tuesday morning. The crews are currently cleaning between Pratt Drive and UNO and the area of between Franklin and Shelter #4.

Mr. Capo informed that runway lights were back on at Lakefront Airport. Allen Taylor, LA-DOTD Aviation Division, was here Tuesday along with Wade Troth. URS and DEI were also present with several contractors who viewed the Regulator Building and inspected the regulators. The regulators were tested and field inspections were performed on several lights and signs for any type of corrosion, silting or sediment inside the lights. The lights were powered on and it was noted that several light canisters were knocked over and several lights were burned out. Firemen are performing nightly sign and light checks and the electrician is making repairs in the morning and logging what lights and signs failed so that can be presented to FEMA.

Commissioner Dufrechou informed the Committee that one stairway on the east side of the Lighthouse was lost due to waves and one expensive storm proof window was lost. The top of the cupola was boarded up. Commissioner Dufrechou thanked Chairman Lupo and staff for their help and informed that the Re-Lighting of the Lighthouse which was scheduled for August 29<sup>th</sup> has been rescheduled for September 26, 2012.

Mr. Capo informed how things would be tracked for accounting purposes for FEMA and the Authority on the projects related to Hurricane Isaac so we can submit them to FEMA.

Ms. Wagener reported that projects related to Hurricane Isaac will be tracked by creating a department or class called ISAAC. All items identified as a hurricane expense will be charged to that class. The class will be included in each fund and an accumulation of expenses by fund will be reported on that class. Copies of invoices and checks will be placed in a separate hurricane file as proof of expenses for FEMA and Stuart. This is a disaster the size of Katrina and with Stuart's help this will be organized and kept in one place.

Mr. Capo noted that Hurricane Isaac will be covered by a 75/25% split with 75% being covered by federal and this Authority covering 25%. Mr. Nelson added that the split depends on the amount of the damage reported.

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

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

#### **ADJOURNMENT**

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

The meeting adjourned at 5:13 p.m.