

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, NOVEMBER 7, 2013 – 4:30 P.M.**

The monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, November 7, 2013 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 4:32 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 Patrick DeRouen

ABSENT:

Commissioner Carlton Dufrechou

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Steve Nelson – Stuart Consulting Group
Ray Landeche – Lakeshore Subdivision

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

The October 3, 2013 Finance Committee meeting minutes will be deferred until the December 5, 2013 Finance Committee meeting.

OLD BUSINESS

1) Review of budget to actual Fiscal Year 2013

Ms. Wagener advised that all expenditures are tracking with the exception of South Shore Harbor, which is right on the cusp. The Airport must monitor the utilities and grass cutting as it is possible the Airport will be overspent on those two items by the end of the year. The Airport did much better this month on fuel. Mr. Capo noted that fuel sales tend to increase this time of the year.

Ms. Wagener informed that \$100,000 was transferred from the Bally's settlement during the first month to pay bills and noted that the Non-Flood Authority had \$700,000 from the Flood Authority last year to assist with expenses for Lakeshore Drive. Mr. Capo added that insurance was paid in July which is a big expense and the reason why money was transferred from Bally's. Ms. Wagener advised an additional \$100,000 may be transferred due to the extra payroll and retirement in November. Mr. Capo noted that there are no cuts during the months of December, January and February. During those three months if the grass continues to grow that issue may have to be revisited.

Chairman Hoffman addressed check 13196 to CLS Architects for house plan review. Mr. Capo informed that homeowners submit house plans to this Authority for review, which plans were previously reviewed by the Flood Authority. CLS Architects now reviews house plans for the Non-Flood Authority. In addition to paying the architect, the homeowner also pays \$50 over and above that cost which the Authority receives.

Chairman Hoffman requested an explanation for the check to Sea Tow to move an abandoned boat. Mr. Capo advised that an abandoned boat was towed from Orleans Marina to a vacant slip at South Shore Harbor. That boat will either be sold or destroyed if it is derelict. Mr. Dixon advised that the boat owner died and a credit union holds a lien on the boat. The credit union does not want the boat because it is not worth the loan amount. If the boat were to stay at Orleans Marina the Authority would not receive revenue for a 40-foot slip. The boat was towed to South Shore Harbor and is up for sale.

Chairman Hoffman addressed a second check to Sea Tow to retie boats that the Authority owns at South Shore Harbor. Mr. Dixon advised that an outside vendor is used to retie boats so the Authority is not held liable if the boat breaks loose. The Authority currently owns one cruiser and four small 30-foot boats that the owners walk away from after Isaac. The paperwork was sent in and the boats are for sale through Stanton Murray. Chairman Hoffman noted that the Authority does not own the boats. The boats were abandoned in the Marina and the Authority has a lien against the boats to protect its assets which is why a vendor is used to make sure the boats are tied up appropriately. Mr. Dixon explained that the Authority's legal position is that the boats should not be touched because once they are touched the Authority takes responsibility for the boats. Mr. Metzger advised that Charles Curtis is working on this issue. There is a procedure to obtain the title similar to a Sheriff's sale, but slightly faster. Mr. Metzger will prepare an evaluation of the status of the boats.

Chairman Hoffman suggested selling the boats for \$1,000 to recoup the Authority's money. Commissioner Stack cautioned if the Authority takes ownership as a public body the Authority cannot give anything away that is valuable so those procedures have to be adhered to. Mr. Metzger advised a lien is filed, but a statute was enacted several years ago dealing with fees owed to harbors and marines, the Marina Storage Act, which is what Mr. Curtis is working under regarding this issue. When the Authority obtains title to the vessel through this procedure, the Authority can sell the vessel and recover any fees that are owed for dockage.

Mr. Capo explained that check 13237 for 12 gauge shotgun shells is for the purchase of shotgun shells used for wildlife management on the Airport. Commissioner Stack noted that the Authority paid \$2,900 to Retif Fuel for auto fuel. Ms. Wagener stated that amount may be reasonable. Commissioner DeRouen pointed out that one check for \$1,900 and another check for \$2,900 were written. Ms. Wagener advised that one check was for August and the other one was September.

2) Reconciliation of additional budget item increases against grass cutting savings

Ms. Wagener advised of an \$84,000 error made in the budget that was just passed resulting in \$90,000 more than accounted for in the budget. Money was moved and after additional changes requested by the Board the \$84,000 black number was brought down to \$7,920. Those changes include landscaping and signage for Lakeshore Drive and the Airport.

The second part of this, grass cutting, was budgeted for \$788,000. Grass cutting was rebid and the low bid was \$447,000 which gave the Authority \$341,000 to use for other things. \$100,000 was set aside in the event additional grass cutting

is needed in December or January leaving \$241,000 that the Authority could reallocate to other projects. The Board has already approved a paint striping machine in the amount of \$15,317, and \$20,000 to RCL for Mr. Davis' expertise to assist with build-outs and preparing building standards. \$100,000 was used to resurface the road in front of the Airport, which came in at \$96,977.00. It is correct to say that the Authority has no additional special project money. Chairman Hoffman noted that this would be presented to the Board to advise that the Authority has allocated all of the funds from the savings on grass cutting.

3) Options available to mitigate cash shortfall in 2014-2015

Chairman Hoffman advised that the Authority will deplete all of the Bally's money this year and there is no money coming from the Flood Authority next year which will lead to a \$1 million hole for the next few years until money from the millage starts to come in. I requested that administration put together a three year projection which Mr. Capo has distributed.

Mr. Capo advised that as of June 30, 2014 the Authority will be short \$146,000. The Authority will have to either increase revenues or reduce expenses. Estimates on the Airport leases were very conservative as there is no historical track record to base those estimates on. Slightly more revenue was added starting July, 2014 and again in July of 2015. The Authority will not have the funds to make the insurance payment on July 1, 2014, which is approximately \$1 million. For that first quarter, July 14, 2014, with insurance and all other contractual services the Authority we will need approximately \$1.7 million. Chairman Hoffman noted that there would be money remaining in the Bally's account because not all of that money will be transferred.

Mr. Capo informed that the 2014-2015 budget is based on the Bally's settlement account being depleted. Chairman Hoffman advised that the budget should reflect where the Authority is today and project where the Authority will be on a cash basis at the end of the year. Based on earlier discussions there should be money in the Bally's account to pay insurance, but once insurance is paid there will be no money left. The Board must determine how to fill that gap or what can be done for the next few years as the millage does not kick in until 2015. The millage is collected in April of 2016 and is expected to be approximately \$1.5 million. The Authority will receive approximately 80% immediately and the remainder will trickle in. The Authority must get through 2014-2015 and 2015-2016. There have been discussions with the Flood Authority, the Legislature and our legislators to determine how to bridge the difference. There is the possibility that the Authority can get some of the money loaned to the Airport.

Mr. Nelson advised that the Walter Wedell Hangar is an alternate project that can be applied to NFIP deduction penalties or the Terminal exterior, which would be a reimbursement of approximately \$1.5 million in cash that the Authority could use towards expenditures. There will be a 25% hit, but it would be \$1.5 million cash in hand. This is also applicable for the Terminal exterior as the Authority loaned \$1.1 million in funding outside any direct FEMA reimbursement. If the Authority plugged those funds into an infrastructure or a bricks and mortar project that has not been completed it is dollar for dollar reimbursement. If the Authority plugs it into something that is already complete there is a 25% deduction. Chairman Hoffman noted that the Authority is running on fumes and using the reimbursement is one potential option to get through next year. Mr. Capo advised that the \$1.5 million will keep the Authority running as it currently runs. To maintain the properties properly, the Authority will need approximately \$3 million more each year.

Chairman Hoffman advised that the insurance situation must be addressed as the Authority is paying an exorbitant amount on insurance, which will continue to rise. There is no solution to the insurance situation other than talking to the State. This will be an issue discussed regularly at Board meetings going forward.

4) Discussion and approval of the monument sign at Lakefront Airport

Mr. Davis informed that the original signage plan included metal signs for the Airport and Lakeshore Drive with two pre-cast monument signs. When bids came back too high, the bid was separated and the monument signs were taken out. Consequently the signs were approved and the metal signs were installed.

The monument sign has never been built and the sign is critical because it is a major sign for the Airport to be placed in front of the Terminal. The sign has been redesigned and per the Airport Committee request the costs for a new monument sign \$36,000 for the monument sign with lighting and \$16,000 for the metal sign with lighting. The Airport Committee recommended the monument sign and the acting Airport Director and staff agree. The monument sign would be more a grander identification sign indicating the major entry into the Airport.

Chairman Hoffman advised that until administration comes up with a recommendation on how the Authority will pay for the monument sign, there will be no action taken. The sign will not be authorized as the Authority does not have money to pay for the sign. Mr. Capo noted that currently the Authority does not have the money, but there are still monies remaining in salaries and the budget for those salaries has been reduced by half. The three vacant positions have not been filled and the budgets were reduced by half. Chairman Hoffman clarified that the Authority will soon be approximately \$150,000 in the red. Administration must first determine how to address that shortfall prior to finding the money to pay for the sign.

Commissioner Stack agreed to the need for the monument sign and noted concern that the Authority may not be maximizing potential to obtain funding. DOTD's Aviation Dept. may be willing to assist with this if it is needed on the Airport. The Authority needs to develop a plan to determine what is eligible for funding and prepare a list of projects. There is a budget in DOTD Aviation and that potential is not currently being maximized. Mr. Capo advised that projects have historically been on the airfield side. The FAA nor the State has ever been approached for funding projects outside of the fence. Commissioner Stack noted for the record that DOTD is very supportive of Lakefront Airport and sees no reason why Lakefront Airport cannot be sustainable. DOTD is willing to assist the Authority in any way as they realize the importance of the Airport. The Authority has to aggressively pursue those types of funding and understand what can be done. Mr. Capo advised that a list of projects to submit to the State would be prepared for the next Airport Committee.

Commissioner Stack advised that Lakeshore Drive is a federal roadway and the Authority could pursue federal funding. The Regional Planning Commission is also willing to assist. There are other types of funding on the public side that the Authority could pursue. There may be match requirements, but it is better than nothing.

Mr. Davis informed that there is an outstanding invoice in the amount of \$3,900 for Pro Signs and Graphics. In the midst of approving the signage one additional sign was approved to replace one of the monument signs. The "KNEW" sign has been fabricated and installed by Pro Signs and Graphics. This sign was not part of the original sign package, but that sign has been completed and billed and authorization for payment is needed. Mr. Capo advised that the Board Resolution for Pro Signs has a not to exceed limit of \$63,000. The extra sign would put the number above \$63,000. Mr. Davis clarified that the original signage contract was exactly what was billed for, \$63,000. The additional sign is a separate contract and a separate invoice for \$4,000, which is less than the minimum required for Authority approval. The sign was approved at the full Board meeting when Mr. Lupo was Chairman. Chairman Hoffman authorized Mr.

Capo to pay Pro Signs & Graphics invoice. Two different checks will be written and it will be clear what the checks are for.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, January 9, 2014 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:21 p.m.