

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

The regular monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, April 4, 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 4:31 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 Michael Stack
Commissioner Patrick DeRouen

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

ABSENT:

Commissioner Carlton Dufrechou

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Alton Davis – Richard C. Lambert
Tim Avegno – Eagan Insurance
Ray Landeche – Lakeshore Subdivision

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 March 7, 2013 Finance Committee meeting will be presented for approval at the April 30, 2013 Finance Committee meeting.

NEW BUSINESS

- 1) **Discussion and approval to contract with Pro-Signs & Graphics to construct and install signs for the New Orleans Lakefront Airport and Lakeshore Drive in the amount of \$63,736.00**

Mr. Alton Davis, Richard C. Lambert Consultants, informed that the signs for Lakefront Airport and Lakeshore Drive are metal, hurricane-proof signs. The original bid included two large pre-cast monument signs, but the quotes were higher due to the cost of the pre-cast. The two monument signs were taken out of the project and three reputable sign companies provided three quotes for Lakeshore Drive signs and the metal signs only for Lakefront Airport. The low bidder was Pro-Signs & Graphics. Mr. Capo executed the recommendation letter to approve the contact for Pro-Signs & Graphics.

Pro-Signs has agreed to let the Authority pay for the shop drawings first at a cost of \$1,900 to ensure the Authority is getting exactly what the specs and details call for. When the shop drawing process is completed and approved, the Authority will pay Pro-Signs 50% of the cost for the signs. The contract price is

approximately \$61,000, including the \$1,900 for the shop drawings. Mr. Davis recommended the Finance Committee forward this issue for Board approval and authorize Mr. Capo to issue a check in the amount of \$1,900 to start the shop drawings process. When Board approval is received the signs can go into fabrication.

Mr. Davis noted that a special coating will be applied to the signs that will make graffiti removable and protect the signs from sun, water and graffiti. Chairman Hoffman suggested that since the Lakeshore Drive signs include a new logo, the shop drawings should be presented for approval to the entire Board. Mr. Davis advised that a presentation was previously given to the full Board. Because Lakeshore Drive had no logo, a logo was designed that will include a sunset and a fisherman.

Commissioner DeRouen noted that the logo issue was previously addressed and suggested that the logo have continuity and uniformity with the Master Plan that ties the logo into the street signs, street lights, benches and shelters. This would provide a synergy that could tie everything together for some consistency. Mr. Davis noted that the blue in the logo matches the light poles along Lakeshore Drive. If the symmetry at issue is about colors, the colors can be changed to match the color scheme on the light poles and furniture. The logo that was created identifies the current Lakeshore Drive. Commissioner DeRouen stated that there should be consistency across the board with the Mardi Gras Fountain, the new street lights, shelters and benches. There should be communication so everything is consistent. The first time the sign issue was addressed, I objected because it is my opinion there be more of a Master Plan / Lakeshore Drive concept as opposed to just one thing.

Chairman Lupo advised that the colors used on Lakeshore Drive are the same colors used at Lakefront Airport to tie all the properties together. The colors of the Non-Flood Authority emblem logo made the best sense to tie everything together. Mr. Davis advised that he would contact Mr. Baudier of DEI to obtain the color selections to make sure they are consistent across the board.

Chairman Lupo noted that the logos for the Airport and Lakeshore Drive should each distinguish the two properties. Commissioner DeRouen noted that colors are important and should tie Orleans Marina signage to South Shore Harbor signage along with the architecture of the shelters. Chairman Hoffman stated the main concern is sign standard and continuity. The signs are somewhat similar and include the name and entity on top and information on the bottom of the sign. The properties are several different entities that are not related, but the Authority manages the properties and each group stands independently. These different perspectives should be vetted and agreed upon before the signs become reality. Mr. Davis noted that the colors for the new railings at Orleans Marina tie to the blue and gray scheme at Lakefront Airport. The two monument signs are made from concrete blocking and will include lighting. The regular Airport signs have replaceable panels for different tenants inside the Airport. The structure of the sign is important because it is easy and inexpensive to anchor, but can withstand water and wind which is prominent anywhere on Lakeshore Drive.

Mr. Davis noted that when approved the shop drawings will go to fabrication and the Authority is then required to pay 50% of the contract. This cannot be done until the committee agrees and recommends the matter to the full Board. Mr. Davis will contact Mr. Baudier to ensure the colors are consistent and the design remains the same.

Chairman Hoffman requested Mr. Davis start the shop drawings and present them at the Board meeting for approval at which time a decision on colors would be made. Commissioner DeRouen noted that the Flood Authority is spending millions of dollars on pavilions and it is reasonable for the signs to be consistent with the pavilions.

Mr. Davis informed that the Lakeshore Drive and Lakefront Airport sign massings are very similar. The blue colors are similar, but there is a yellow sun on the Lakeshore Drive sign to distinguish that sign from the gray in the Lakefront Airport sign. The Terminal Building monument signs match the Terminal Building. The expense involved in trying to do a stucco sign to match the shelters on Lakeshore Drive is expensive and the sign would not last. These signs are more durable. A visual chart outlay was used for the size and types of font on the signs so they are legible to vehicles and pedestrians. All signs will be set up with the same font and height so there is consistency.

Chairman Hoffman requested a motion to authorize \$1,900 for shop drawings and suggested the sign issue be brought before the Board April 18, 2013 as the Committee should not make the final decision for the whole Board. Mr. Metzger informed that a motion was not necessary because the amount is under the amount that Mr. Capo is authorized to spend without a Resolution.

Mr. Capo noted that the sign project stalled due to funding issues. Approximately \$33,590 is related to the Airport signs and \$28,196 is related to the Lakeshore Drive signs and the costs will be split accordingly. The savings from grass cutting and the airport salaries will be enough to cover the \$63,000. When this issue comes before the full Board the signage issue will be approved. The entire Board does not have to be in agreement, just the majority.

2) Motion to approve and ratify Presentment of Claim filed on January 8, 2013 pursuant to the Oil Pollution Act of 1990, 33 U.S.C. Section 2702, by the Southeast Louisiana Flood Protection Authority - East on behalf of the Orleans Levee District for damages sustained as the result of the Deepwater Horizon Oil Spill

Mr. Metzger advised that under the Oil Pollution Act of 1990, the Authority must submit a claim to BP 90 days prior to filing a lawsuit to recover damages sustained by the assets in the wake of the Deepwater Horizon Oil Spill. As the prescription date was going to run on April 20, the Flood Authority received information regarding this Authority's revenue stream from Mr. Capo. Bob Lacour advised that Walter Leger is handling the claim for the Flood Authority. Included in Mr. Leger's Presentment of the Claim was reference regarding loss of income sustained at the Airport and the two Marinas. The claim Mr. Leger submitted was on behalf of the Flood Authority and Orleans Levee District, which are political subdivisions and have the authority to sue and be sued. A claim had been presented as required under the Act. Mr. Leger advised that he was told by Bob Lacour that only the Flood Authority was required to file a claim and that the Management Authority did not need to be consulted.

As BP's lawyers are now bringing up any issue to defeat a claim, the claim presented by the District should be ratified by the Management Authority. Mr. Leger's representation of the Flood Authority is based on a contingency fee agreement subject to approval by the Attorney General's office. Mr. Metzger suggested a fee for his services be included in the motion. Mr. Leger's contingency fee is 25%. Mr. Metzger will contact Mr. Leger to discuss what terms can be arranged between the two firms to represent the District, which should also be added into the Resolution. The Resolution would be ratifying the Presentment of Claim and approval for a contingency fee agreement with the attorneys who will represent the Board. The contingency fee must be approved by the Board and forwarded to the Attorney General for approval. It is unknown how much of the million-dollar claim would be awarded to the Non-Flood Authority. Mr. Leger references the revenue stream between 1993 and 2012 on the income generating assets. Most of the claim addresses lost property tax revenue based on a theory put together by Professor Ryan at UNO.

Commissioner DeRouen noted that he wanted to make sure a BP claim was asserted for South Shore Harbor because of the ongoing problems at that marina. Something needs to be carved out for Orleans Marina, South Shore Harbor, and Lakefront Airport so the Authority can identify what recovery is received.

Mr. Metzger advised that Orleans Levee District Flood Authority will file claims related to the tax revenue decreasing and an economic damage claim for the decreasing income revenue will be filed by the Non-Flood Protection Assets, which is the portion this Board will receive out of any settlement. Commissioner DeRouen noted that the diminishing value of the property taxes is small compared to the potential lost revenue for Orleans Marina, South Shore Harbor and Lakefront Airport. The lost revenue claim is better for the Authority than the decrease in property value claim which is why those things should be carved out, prosecuted and protected. If this Authority does not specify those three particular claims, the Flood Authority may assert that the claim amount received was inconsequential and is entirely for the Flood Authority. Mr. Metzger informed that all information will be specified when the Complaint is filed in Federal Court. Chairman Hoffman advised that the Management Authority will have a separate independent lawsuit with an identifiable, quantifiable claim. Mr. Metzger advised that Mr. Leger is representing every governmental entity in this area that has a claim.

Commissioner DeRouen offered a motion to approve and ratify the Presentment of Claim filed by Mr. Leger, seconded by Commissioner Stack and unanimously adopted.

3) Preliminary discussion regarding upcoming renewals on property insurance

Mr. Capo prepared a spreadsheet for current property insurance values and costs for the 2012-2013 budget and separate spreadsheet for forecasted wind and fire coverage in 2013-2014. For coverage going forward there will be three additions to the stated values: the James Wedell Hanger, the Bastian-Mitchell Hangar and the Regulator Building. The Regulator Building contains the regulators and has a content value of approximately \$170,000. If the Regulator Building is lost, the Airport lighting will be lost. The Delgado Hangar will be demolished so that will be removed from the coverage this year. The stated values are going from \$78 million to approximately \$97.5. The stated value figures were prepared by Stuart Consulting Group using RS Means. Some buildings such as the Bastian-Mitchell are actual costs and other buildings used the square footage times a dollar value to replace.

Mr. Avengo advised that the Authority's current total premium is just under \$900,000 and includes liability. The property insurance was \$545,000 and the Fuel Farm brings the total to \$600,000 which has gone up to \$731,000 because of increased property values due to new buildings coming on line. The current rate for insurance is .68 per \$1.00. The Authority is currently insuring \$20 million for a named storm and \$78 million for all other perils, excluding flood. The marina piers are not included. Commissioner Hoffman requested Mr. Capo provide information on how building values are determined prior to the next Insurance Committee meeting.

4) Review of budget to actual Fiscal Year 2013

Ms. Wagener noted that revenues are 75% of what was budgeted. Some revenues were unexpected, there is a boost on some and some budgets have not yet been met. South Shore Harbor is behind in rents and Lakefront Airport is behind in the fuel. No money was taken from the Bally's account nor has any money been used that is in the Lakeshore Drive account for the grass cutting. The bills have been paid with the revenues collected from the properties.

Ms. Wagener noted it is not likely that total revenues will be met, but all expenses will not be spent as only 65% of the budget has been spent so far. All insurances have been paid. Shortfalls on budgeted revenues are South Shore Harbor and the Fuel Farm. An aggressive budget approach was taken with South Shore Harbor last year projecting increased activity which did not materialize. Fuel sales were sluggish at the Airport in September due to the storm. More fuel sales were budgeted due to the Super Bowl so there will be a shortfall on the Fuel Farm. Mr. Pruitt stated that the Zurich Classic is in the near future and is a good fuel sales event. The Airport will not meet the projected amounts due to

Hurricane Isaac. The 10 day runway closure for seal coat and markings took a hit on the fuel sales also.

Commissioner DeRouen questioned if a lost income claim was investigated due to Hurricane Isaac at the Fuel Farm. This claim would be for business interruption claim with a 2% to 3% deductible. Mr. Capo advised that the Authority received \$300,000 in lost income for the Fuel Farm due to Hurricane Katrina. Mr. Metzger advised that a claim should be submitted.

Commissioner DeRouen noted that several months ago, the grass cutting expenses were reviewed for the Airport and a survey was prepared for all of the Lakeshore Drive area that was cut to determine the actual amount of acreage. Commissioner Stack noted that the acreage at the Airport is consistent with what has been reported.

Personal Services expenses are at 61%. Travel Expense was budgeted at \$5,000 and is slightly overspent due to the trip to Texas for the FAA. Contractual Services are at 62% and there is \$1.3 million in there for grass cutting. Several items are out that must be paid so this money will be spent. Utilities will have a significant savings due to funds that were budgeted for six months of lights on Lakeshore Drive. Personal Services and Contractual Services should generate a surplus so the \$1 million Bally's money will not be spent. An additional \$1 million will be transferred in next year to balance the budget. Most of the \$700,000 is remaining from the Flood Authority for grass cutting. Obligations are paid from the operating account with no monies being arbitrarily transferred from either account due to grass cutting. Grass cutting is 2/3 of the year through and only 47% has been spent due to reducing the number of cuts from 20 cuts per year to one cut every three weeks. There is \$500,000 left for grass cutting and four months will cost \$300,000 leaving \$200,000 in the budget. Trash collection services are approximately \$110,000 per year for five days a week on Lakeshore Drive.

Chairman Lupu advised that the \$700,000 from the Flood Authority should be spent on the grass cutting services this Authority was given that money for. Ms. Capo informed that the interior parks are tracked on the Lakefront and the \$700,000 is tracked under Lakeshore Drive. Grass cutting is paid for from operating funds and money is moved when that account is low. Grass cutting on the profit and loss statement includes trash pick-up and maintenance. The expenses are not what they should be because the Authority is fixing only what needs to be fixed and the number of grass cuts has been reduced. Previously, trash pick-up crews were on Lakeshore Drive seven days a week. The trash crew currently works Monday through Friday. By Monday morning, especially during crawfish season, Lakeshore Drive is a mess. Chairman Hoffman noted that vendors should not dictate when this Authority receives services. If Lakeshore Drive is used mainly on the weekends then that is when the trash should be picked up. Chairman Lupu added that DEI is preparing specs to go out to bid for grass cutting and trash pick-up. The specs will detail when the trash is to be picked up, including weekends. Mr. Capo advised that the grass cutting bid would be modified to include the Airport and both Marinas. The next phase will be trash pick-up from Seabrook to the West End area. Wesley Mills and John Holtgreve of DEI went over the preliminary documents for grass cutting and will go out for an RFQ/P on May 1, 2013. The RFQ/P for trash pick-up could be prepared in-house from DEI's grass cutting RFQ/P.

Mr. Dixon advised that the check for boat show sundries was candy for the booth at the boat show. Mardi Gras Wrecker Service was the stand-by wrecker service for the Super Bowl used to remove a tug out of the mud.

Commissioner Stack addressed the check for \$240,000 issued to Belou-Magner and suggested that the liquidated damages be held from Belou-Magner's monthly payments as it applies more leverage. Mr. Metzger noted that every day beyond the substantial completion date can be calculated and withheld from any future payment requests. If the Authority has a liquidated damage provision and a reasonable liquidated damage amount that is what the court will reinforce. The

contract with Belou-Magner is \$1,000 per day. These are fixed liquidated damages. Commissioner Stack noted that Belou-Magner was paid \$240,000 yet there was not much work in the past few months. For \$240,000 there should be visible progress. The Authority must apply as much leverage as possible because the contractor is not getting the message. Chairman Lupo requested Mr. Metzger verify that liquidated damages can be kept from each payment to Belou-Magner and to start deducting liquidated damages from each payment.

5) Update on 3 Year Projection

Mr. Capo advised that he is in the process of preparing three year projections for revenues and expenditures. The revenues from the millage will not be available to the Authority until after April of 2016. That number is reflected in the 2015-2016 projection, yet the Authority may not have that money during that time frame. The Authority would need coverage during that time to help bridge the deficit gap. The millage that the Authority will receive is only going to replace what has been drawn down at Bally's and the additional \$700,000 for the last two years from the Flood Authority. The \$1.5 that the Authority will receive from the millage is not a significant increase. With that millage, regular services will not be much different.

Chairman Lupo noted that legislature should understand that this is not the way this Authority should be run. The dollars allocated do not provide the service that this Authority should be providing. The \$1.75 million is what is needed to adequately fund and maintain the properties. In 2014-2015 the Authority will need \$4.4 million to would cover the loss and give the Authority the money needed to adequately maintain Lakeshore Drive and all the non-revenue producing assets. The \$3.3 million millage requested by the Authority would provide for a sinking fund for road work, improvements at Orleans Marina and maintenance at the Lake Vista Community Center so offices could be put in commerce. That is what the Authority should spend monies on and those are the \$3.3 million dollars requested in the millage, but the Authority only got \$1.5 million.

Chairman Hoffman requested a second page be added to the three year projection noting those expenses and showing what the Authority has to operate on located on the first page. It should also include what the Authority should be operating on to provide the necessary services. The Authority will have two years of significant deficits before the millage kicks in from a cash flow standpoint.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, May 2, 2013 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:53 p.m.