

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, JUNE 6, 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, June 6, 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 4:35 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

ABSENT:

Commissioner Patrick DeRouen

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Alton Davis – Richard C. Lambert Consulting
Wesley Mills – DEI
John Holtgreve – DEI
Walter Baudier - DEI
Steve Nelson – Stuart Consulting
Tim Avegno – Eagan Insurance Agency
Laura Calcagno – Eagan Insurance Agency
Brayton Matthews – Flightline First
Ray Landeche – Lakeshore Subdivision

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Brien offered a motion to approve the minutes of the May 2, 2013 Finance Committee meeting, seconded by Commissioner Dufrechou and unanimously adopted.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo reported that the pre-bid conference for the grass cutting contract was held June 5, 2013. Approximately 20 bidders arrived to view the plans and attend the pre-bid. Bids will be opened on June 19, 2013.

Chairman Hoffman advised of discussions regarding gap funding until the millage takes effect in 2016. The Non-Flood Authority may formally ask the Flood Authority for a loan that would be paid back once the millage begins. Mr. Capo

advised that the Non-Flood Authority has used all Bally's funding and will be out of funds in 2014. A resolution will be drafted for the Board meeting requesting the Flood Authority's assistance with gap funding.

Commissioner Stack noted that it was established a certain amount of the existing millage was for Non-Flood assets. Mr. Capo informed two lines in the current bond indenture address Lakeshore Drive/seawall stabilization and Lakeshore Drive/landscaping and have been subject to interpretation. The language in force in the current slip millage expires in 2015, but was renewed and this Authority will receive .61 mills beginning in 2016. Commissioner Stack noted that the .61 that was renewed is an established portion of the tax the Flood Authority will collect until 2015. This Authority should be entitled to that portion of the millage until the 2016 renewal is reached as the slip millage addressed particular assets.

Walter Baudier, Design Engineering, Inc., informed when the slip millage passed in 1983 two items, Lakefront Capital Improvements and Lakeshore Drive and Seawall Erosion Control, were included. Lakefront Capital Improvements was in the slip budget. Other items also involve future capital improvements as well as operation and maintenance and several other items. The original tax mill was 6.03 and had approximately 16 items, each having specific details. Orleans Canal/Other Projects was initially passed for interim hurricane flood protection projects. Each item was dedicated for interim flood protection because the Corps did not decide to build the High Levee Plan or the Barrier Plan until 1965 when the High Levee Plan was built. That plan today is known as the Louisiana Lake Pontchartrain Vicinity Hurricane Flood Protection Plan and High Levee Plan. The purpose was to build and maintain all interim projects during the course, whatever that course may be. Other items did not include the interim hurricane flood protection project, but were very important such as Lakefront Projects and Other Maintenance and Operation Projects as the Levee Board may desire to build.

Commissioner Stack stated although he is not opposed to a resolution, the Non-Flood Authority is entitled to a portion of that millage. Chairman Hoffman agreed and advised this issue would be revisited at the Board meeting as that has been the Non-Flood Authority's point since this Board was created. This Authority is seeing better cooperation with the Flood Authority in the projects along the seawall and assistance in repairing the lights on Lakeshore Drive.

Mr. Capo advised that the Non-Flood Authority would request assistance from the Flood Authority in the amount of \$1.2 million for 2½ years until the millage takes effect in 2016. The Flood Authority is also assisting with assessing lights on Lakeshore Drive that have been idle and may have corrosion due to moisture and humidity over the years. DEI and the contractor are in the process of assessing what is needed to get the lights repaired.

Chairman Hoffman requested two resolutions be drafted for the June 20, 2013 Board meeting addressing assistance from the Flood Authority for gap funding and repair of lights along Lakeshore Drive.

OLD BUSINESS

1) Motion to recommend approval of an ID/IQ contract with Stuart Consulting Group, Inc. for Professional Engineering Services

Mr. Capo advised that Stuart Consulting came close to \$100,000 last year. The contract this year will be for \$100,000 with the caveat that Stuart provide a proposal along with a task order before any work is completed. The budget could be adjusted in the start of the fiscal year if needed.

Commissioner Stack offered a motion to approve the ID/IQ contract with Stuart Consulting Group, Inc. for Professional Engineering Services, seconded by Commissioner Brien and unanimously adopted.

2) Motion to recommend approval of an ID/IQ contract with Design Engineering, Inc. for Professional Engineering Services

Mr. Capo advised the DEI contract year will be for \$100,000 with the caveat that DEI provide a proposal along with a task order before any work is completed. There will be much work with the permanent pump closures this year. The budget could be adjusted in the start of the fiscal year if needed. Chairman Hoffman noted that there will be periodic reporting on both Stuart and DEI projects addressing where the project stands versus the budget.

Commissioner Dufrechou offered a motion to approve the ID/IQ contract with Design Engineering for Professional Engineering Services, seconded by Commissioner Stack and unanimously adopted.

3) Motion to recommend renewal of Workers Comp Insurance, Airport Owner/Operator Liability Insurance, Public Official Insurance, General Liability Insurance, Marina Liability Insurance, Property Insurance (Wind and Fire) and Flood Insurance Policies

Chairman Hoffman advised that insurances were reviewed and approved for recommendation to the Finance Committee by the Insurance Committee.

Mr. Capo noted that a quote of \$19,017.00 was received for Public Officials Insurance. Mr. Caire informed the policy is identical and includes updated flood quotes with the exception of the Bastian-Mitchell Hangar. The James Wedell Hangar and South Shore Harbor Marina Terminal Building were removed from insured properties. That figure for insured properties is \$87 million.

Mr. Capo advised that the James Wedell Hangar is coming on line mid-August, 2013 right in the middle of hurricane season. Mr. Avegno informed the insurance company agreed to the Hangar being added at that time and the renewal quote is based on adding the Hangar. The premium reduced approximately \$20,000 annually by dropping the Marina Building. The value will be \$97 million minus \$2½ million for release of the Marina Building.

Mr. Avegno advised that flood insurance potential for the new Bastian Mitchell Hangar was quoted by NFIP for FEMA as \$125,000 for \$500,000 in building damage. There will be no coverage until the premium is paid. Once the premium is paid there is a 30-day waiting period. If the Authority does not have coverage, the FEMA insurance requirement is not being met. The insurance waiver is for declared disasters only. If a big storm comes that creates flooding but is not a declared disaster, the Authority has no coverage unless flood insurance is purchased.

Mr. Nelson advised that the waiver (Insurance Commissioner Certification) was applied for over one year ago. The Insurance Commissioner verified that documentation was received and the documents were in good order and would be presented to FEMA. When the Insurance Commission

receives the final piece of information from FEMA, the Authority will receive the certification. The Authority must pay a premium of \$70,000 with a \$50,000 deductible for \$500,000 in coverage or should the Authority self-insure. FEMA covers the deductible. Without certification FEMA requires the Authority carry insurance for the full value of what was put into the building as FEMA does not want to pay for the building again. The decision should have been made because there is a 30 day waiting period.

Commissioner Hoffman questioned how much was in the budget this year for insurance on the building. Mr. Capo advised that \$12,000 was in the budget for insurance on that building. Commissioner Hoffman suggested the Authority put the \$50,000 in a fund to self-insure and recommended to add this issue to the Board Agenda. This is a big policy-type decision and should be discussed with the Board. Ms. Calcagno, Eagan Insurance, advised that when the application for coverage is submitted, a submission requesting the difference be refunded if a lower rate is approved will be included.

Commissioner Brien addressed how the insurance premium will impact prospective tenants for the Bastian-Mitchell Hangar. Mr. Pappalardo stated it is an occupancy cost. If the Authority self insures, the tenant gets a building that is insured. Tenants can pay the wind and fire insurance as that premium will be a rate that the Authority got approved. Flood insurance will be very expensive to carry as the Airport is in a V-Zone with elevation at -10. Mr. Davis and Mr. Nelson informed that the Bastian-Mitchell is constructed so a minimal amount of furniture, contents and office space is located on the ground floor and designed with breakaway walls. The Hangar can be hosed out after a storm, however, any tools left on the ground floor shop of the Bastian-Mitchell Hangar will be subject to damage and loss in a flood. Insurance is an occupancy cost. There are currently three FBOs operating at the Airport and there are other tenants that want a place at Lakefront Airport. The Bastian-Mitchell Hangar is a new building and new situation and is not grandfathered in.

Commissioner Brien offered a motion to recommend renewal of the insurances with the exception of the Bastian-Mitchell Hangar, seconded by Commissioner Dufrechou and unanimously adopted.

4) Motion to recommend approval of a Professional Legal Service Contract with Gerard G. Metzger (APLC) commencing on July 1, 2013.

Mr. Capo advised that the Professional Legal Service contract in the amount of \$237,500 with Gerard G. Metzger expires June 30, 2013. The new contract is also \$237,500. The contract is subject to Attorney General approval. Staff recommends moving forward with Mr. Metzger's contract. Commissioner Dufrechou offered a motion to approve the Professional Legal Service Contract with Gerard G. Metzger (APLC) commencing on July 1, 2013, seconded by Commissioner Brien and unanimously adopted.

5) Motion to recommend approval of the Times Picayune Newspaper as the Official Journal of the Non-Flood Protection Asset Management Authority for a term of one year as required under Louisiana Revised Statutes Title 43, Section 171

Mr. Metzger advised that the Authority has to select an official journal each year. The Advocate does not fit the requirements of an official journal

because the principal office is not in the City of New Orleans and Parish of Orleans. The Times Picayune is the only option for the official journal.

Commissioner Dufrechou offered a motion to approve the Times Picayune Newspaper as the Official Journal, seconded by Commissioner Stack and unanimously adopted.

6) Review of budget to actual Fiscal Year 2013

Mrs. Wagener advised that the Authority should be approximately \$500,000 under budget at the end of the fiscal year. The Authority has still not used the entire \$1 million that was to be transferred from the Bally's account. Only \$576,000 has been transferred to date to pay for insurance at the beginning of last year.

Approximately \$558,000 of the \$700,000 transfer from the Flood Authority was used and there are two months remaining for grass cutting. There was a \$700,000 savings in Contractual Services due to utilities on Lakeshore Drive being over budgeted, decreasing the grass cutting for a savings of \$250,000 and South Shore Harbor had \$40,000 savings in Contractual Services for various line items. There was also a savings of \$60,000 for utilities at the Airport. Next fiscal year there will be utilities on Lakeshore Drive and the buildings in the Airport.

FEMA reimbursements are tracked with the assistance of Stuart Consulting. Stuart sends a request for reimbursement, a payment is made and the record is reconciled to record what is outstanding. Mr. Nelson added that FEMA is tracked monthly in the access data base and doubled with the State's Louisiana system. Stuart is tracking where reimbursements come from very closely. FEMA is not correctly reimbursing all Terminal Building costs immediately. When the Authority is within the last 10% of the reimbursements, the State will review the entire reconciliation before paying the full 100% of the PWs. Chairman Hoffman requested that FEMA reimbursements be added to the Agenda for review and explanation of where the reimbursements stand and how they are accounted for.

Commissioner Stack noted for the record that the savings of \$500,000 by staff kept the Authority under budget. Cutting back on grass cutting and utilities was a good way to save money. Mr. Capo added that the maps put together by DEI showed a reduction in acreage which helped save money on grass cutting. Chairman Hoffman noted with the competitive bid process grass cutting could be further reduced.

PUBLIC COMMENTS

Brayton Matthews, Flightline First, addressed FEMA reimbursements and noted that Stuart Consulting charges are primarily for Airport projects. The majority of that money should come back to the Airport. On the 2012 State Auditor's website it is not shown where that money is credited back to the Airport. Mr. Nelson advised that the State reimburses the Non-Flood Authority and FEMA reimburses the State for Stuart's work that is obligated to the project worksheets before we start. Mr. Capo informed that grant funds come in and expenses go out, but there is a timing difference. Mr. Matthews advised he would make requests for information. Mr. Capo informed that information is currently being gathered for the public records and will be available early next week.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, July 11, 2013 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:21 p.m.