

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, AUGUST 1, 2013 – 4:30 P.M.**

The monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, August 1, 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 Patrick DeRouen
Commissioner Michael Stack
Commissioner Carlton Dufrechou

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo
Commissioner Darrel Saizan
Commissioner Joe Hassinger

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
Walter Baudier – DEI

APPROVAL OF AGENDA

Chairman Hoffman requested adding one item to the Agenda. The motion is to discuss the proposed funding of the dedication ceremony for the Airport Terminal. By a unanimous roll call vote, the motion to add the item was approved. Commissioner Stack offered a motion to adopt the revised Agenda, seconded by Commissioner Brien and unanimously adopted.

APPROVAL OF PRIOR MINUTES

The minutes of the July 11, 2013 Finance Committee meeting will be deferred until the September 5, 2013 Finance Committee meeting.

NEW BUSINESS

1. Discussion regarding Proposed Funding for the Dedication Ceremony for the Airport Terminal

Chairman Lupo, Chairman of the full Board, informed that currently the budget is being confected by the group that was hired to coordinate the event. The Budget is currently between \$125,000 to \$150,000. We are at the point where once those hard figures start coming in items will be cut back according to what can and cannot be done. This is currently a wish list budget. The Authority cannot imagine that the \$125,000 to \$130,000 it will take to do this appropriately can be raised by the sponsors. I would like to inform the Finance Committee that this is a twofold expense. This is going to be great advertising for the Airport as a whole; not only the office building that is the Terminal and the retail that will go in there, but also for the hangars and business out of the Airport. When we look at

the dollars that the Finance Committee decides the Authority can afford to put into the dedication ceremony, it has to be looked at it that besides being a dedication ceremony it is advertising that would cost considerably more if advertising was bought on a national level. What the Airport Chairman was going to request is that the Finance Committee try to find approximately \$50,000. It is important that the community that we go out to ask for sponsorship sees this Board is also putting some funds in.

Commissioner Brien questioned if there were any extra monies within the existing Airport budget. Chairman Hoffman advised that there was nothing in the Airport budget. This would be \$50,000 that the Authority would get from not filling some of the positions that were in the budget or not spending on some of the other expenses that were in the budget. Mr. Capo added that a special account at Capital One was opened called the Non-Flood Protection Asset Management Authority Rededication and Preservation Account. Donated monies that will come in will go in this special account. There is also a separate checking account that the Finance Committee Chairman will be one of the signatures on the account. Everything going in and out will be tracked in this separate account. This will not be written out of the general fund of the Authority. Chairman Hoffman noted that this was for monies that are contributed. Mr. Capo advised this account was also for seed money contributed by the Authority as expenses have been incurred to date. Currently, there is not money in the account to fund those expenses. If the Authority comes up with monies to deposit into the account to start off, checks need to be written to cover those expenses. Chairman Lupo advised that there are design and printing costs and hard costs that have been incurred to date.

Chairman Hoffman offered a motion to authorize the administration to review the budget and identify \$50,000 that can be saved from other categories and used to fund the dedication ceremony. Chairman Lupo addressed the savings on the grass cutting. I don't know exactly what the hard dollars are, but it is between \$300,000 to \$400,000. I would like to have staff present to the Finance Committee what those hard dollars are based on the number of cuttings and commitments that have changed over since the original budget was prepared and report back to the full Board how those dollars will be allocated. Mr. Capo advised that this was currently underway. Also, there is an issue with the non-movement line on the Airport. That will cost the Authority to lose additional rent which is estimated to be approximately \$100,000 per year in lost revenue from the Airport. A realistic budget will be prepared taking into account all of these issues in addition to insurance on the Bastian-Mitchell Hangar and the Terminal Building. Chairman Hoffman clarified that the items authorized for the Marina and paint machine were included in the new budget. That is a good reconciliation, but the savings on grass cutting have been used already. A big dent was put in those savings after last month's meeting. It would be good to have this on paper so we don't continue to spend that same \$300,000 savings. Mr. Capo stated there may be good news in this year's budget due to an error on the plus side.

Commissioner Hassinger advised that he had not heard anything about the \$50,000. My question may be better presented to the Airport Committee, but does the Authority need to spend \$50,000 on this event? Chairman Lupo advised that a budget is being prepared and currently we are asking that the Finance Committee look at how the \$50,000 could be found. We will then come back to the full Board with an explanation of where that \$50,000 will be spent so the whole picture can be seen at once. Chairman Hoffman noted the he understood that the Finance Committee's approval will get this issue to the Board at which time the whole budget will be presented for the Board's approval. Commissioner Stack questioned if there was a proposal that stated what the Authority would get for the \$50,000. Chairman Lupo advised that the money has to be found before approval is given. Before approval is given, the Board will

receive a copy of the whole budget and where the shortfall would be and what the \$50,000 will go to.

Chairman Hoffman noted that Mr. Capo would go through and identify where the \$50,000 will be taken from. Mr. Capo noted that the Authority is against the clock as the dedication is September 29, 2013. We cannot wait for approval at the September Board meeting because most of the expenses will be incurred. The next full Board meeting is August 15, 2013. Commissioner Hassinger questioned how \$50,000 in expenses was incurred if the expenses have not been approved. Mr. Capo informed that the expenses cannot be approved which is why he is asking if there is money.

Mr. Metzger clarified that the motion is to recommend to the Board to revise the budget for an allocation of funds for the Terminal dedication. Chairman Hoffman added that the administration identify where within the budget the monies are coming from. Mr. Capo requested that opening of a special checking account be added to the Resolution. Mr. Metzger advised that would be another Agenda item that would have to be added to the Agenda and a different Resolution.

Commissioner Dufrechou noted that it sounds like he is voting on something that is Airport Committee. The Authority is potentially dedicating \$50,000 for the dedication ceremony. Chairman Hoffman advised this would be for the Airport dedication ceremony. Chairman Lupu informed that presently all that is being requested is the money be found from savings within the budget. At the next full Board meeting a budget will be presented with an explanation of where the \$50,000 would go and the Board will either approve or reject the issue.

Commissioner Hassinger clarified that the Resolution is that the Finance Committee is recommending that the \$50,000 be spent. Chairman Hoffman advised that the Resolution is that before this issue goes to the Board the funds have to be found within the budget. It is not that the Authority proposing to spend \$50,000; we don't know where it is coming from. It is to direct administration to identify where the \$50,000 is coming from so when it goes before the Board an explanation of where the money was found will be given. Chairman Lupu noted that the clarification would be where the money would be spent and where the money was found to spend. The question is where the money is coming from and this is the first step to find out where the money is coming from. Chairman Hoffman noted that Commissioner Saizan is preparing the budget for the dedication ceremony, how it will be spent, how much can be raised versus how much the Authority may have to spend. What Mr. Capo was saying is that the process must begin because if it will be done we have to start hiring people to do it and we can't wait much longer past August 15, 2013. I don't know that a motion is needed, we may just need to direct administration to proceed. Mr. Metzger agreed and noted that Mr. Capo can make a presentation at the Board meeting and a Resolution will be prepared authorizing the revision to the budget itself.

Mr. Capo added that he would like to have the Board's approval to open a special account for the dedication ceremony. Mr. Metzger advised that the motion must be added to the Agenda. This is another item that must be voted on before it is added.

Chairman Hoffman requested a motion to add the opening of a new bank account to the Agenda. After a unanimous roll call vote, the item was added to the Agenda.

2. Motion to approve opening a separate bank account with Capital One for the Dedication Ceremony

Mr. Capo advised that sponsorship letters are being issued for the dedication ceremony trying to bring in donors. A special bank account will be opened just

for money coming in from donors and any money the Authority contributes. The account will show all revenues and expenses pertaining to the rededication ceremony. This will be strictly for the dedication ceremony. Chairman Lupo noted that potential donors will want to make sure the money is not going into the general fund. I paid to have my attorney draw up a 501-C3 that is ready to go once we assign who will be on that Board. My suggestion is to have members of the families of the original architects and contractors and Louisiana historical boards to be the members of the 501-C3 that in perpetuity continue to raise money to maintain the Terminal Building because this Authority cannot maintain the art and architecture in that building. This is separate from the bank account. This is the long term plan because people are going to want to know if they give money for the dedication ceremony what will be done with the art and how is the architecture going to be preserved. I want to be able to advise that a long-term plan has been prepared to preserve the building. Commissioner Dufrechou agreed and noted that the near term that the funds would strictly for the dedication ceremony. Mr. Capo added that in the sponsorship letter it is noted that monies are going into a restricted account and a 501-C3 is being established. Anyone looking to contribute to this cause will see where the money is going and how it will be spent in the future. Chairman Lupo advised that the bank account will be separate from the 501-C3. In this 501-C3 there has to be someone on the Board that has banking background and the person who will be Treasurer will be good with finances. That is separate from the bank account. Mr. Capo advised that any donated money will be reported on the financials so the money cannot be given to a 501-C3. This also goes through the audit reports so we have to follow very strict guidelines.

Ms. Wagener questioned if any thought has been given to putting the Terminal Building on the National Register. Chairman Lupo advised that the issue was previously discussed. There are all kinds of things that happen when that is done. You can't do what you want with the building after it is put on the National Register. You can only do what you are allowed to do with the building. In the future it must be reviewed. There is no doubt that if the Terminal Building had a private owner it would be done because the tax credits are phenomenal.

Chairman Hoffman offered a motion to authorize the bank account. Mr. Metzger clarified that this would be a motion to recommend to the Board that a bank account be opened. The motion was seconded by Commissioner Dufrechou and unanimously adopted.

OLD BUSINESS

1. Review of Legislative Auditor's Attestation Questionnaire

Mr. Capo advised that the Legislative Auditor's standard Louisiana Attestation Questionnaire is required to be filled out again this year. This was received this week and it will be signed by the Secretary and Chairman of the Board. It is our standard letter that is signed each year. It deals with the public bid laws, budgeting, accounting and reporting. It will be circulated to the Board. It is a standard engagement letter that is signed each year. A Resolution is required for this.

2. Review of Budget to Actual Fiscal Year 2013

Ms. Wagener advised that most expenses are few because most of the checks cut in July were for June's business so there are not many expenses to date in the new fiscal year. If the Authority had spent all of the budget it would be .8%, which has not been spent because most of the expenses were for last year. The error Mr. Capo was referring to is when the budget was being balanced we found the totals did not cross and there was a \$90,000 amount that did not come across that was a plus and \$6,000 of expenses that did not add across and down correctly. That was adjusted and left an \$84,000 over the zero balance for the budget. Commissioner Stack advised that he received costs to include the overlaying the access road by the Bastian-Mitchell Hangar. I have seen two

things that are recommended. One was \$30,000 and the other one was \$60,000. I have requested additional information and the good news is that this is eligible for DOTD funding, the bad news is that they are still trying to find the funding because the money is not currently in the budget. We did scrape up \$15,000, but I am confident that more can be found. There will be some costs to the Authority with this. I plan to present it today and by the Board meeting on August 15, 2013 I should have all of the information. The Board can then make the decision if this should move forward. The contractor is staging to come in the third week in August and to get out by mid-September. This will be completed before the dedication ceremony. The project includes everything up to the gate. I am leaning toward recommending the \$30,000 for the other portion of the parking lot. I don't see the need to treat this the way it has been and I have requested additional information and will reserve some judgment on that.

Chairman Hoffman noted for the record the arrival of Commissioner DeRouen.

Ms. Wagener stated that there are no fuel flowage is included because the reports were cut off early to get the budgets prepared for this meeting. Mr. Pruitt had not given any numbers yet. At the last staff meeting Mr. Pruitt indicated that it was slow this month. Chairman Hoffman questioned if the boathouse collections were received. Ms. Wagener informed that those were included and there are no surprises in that area.

Mr. Metzger advised that one boathouse transfer has been closed. Frank Royere's boathouse has been transferred and a check was received for \$6,400. There is another boathouse that will be closed on Tuesday of next week and the Authority should pick up approximately \$12,000 at the closing.

Ms. Wagener noted that besides no fuel in the budget, the payroll liability checks have not yet been cut for retirement or health insurance. These were not included in the expenses and that is why the personal services expenses for the month is only 4% because all that is included is the actual salaries. Some things I wanted to comment on is that last year we only used \$878,000 of the Bally's transfer and we budgeted \$1 million so we did not use \$121,000. Also, we have not used any of that money in July. We were able to pay all insurances which came to approximately \$1 million in insurances between May and the middle of July, we paid \$1 million of insurance including flood, liability, fire and employee risk. All of the insurances were paid and no money was transferred this year from the Bally's account. In the \$800,000 that was transferred from the Bally's account, \$300,000 was used to pay insurance. Some of the demand account money was used to pay the insurance. This will leave \$1 million going forward. We have to keep in mind that at the end of next fiscal year in June some of those big amounts will have to be paid. This will again be a timing issue. There is a new schedule included in the packet. In the cash scheduled for the month it is shown that we are ending the month with approximately \$200,000 worth of money that will go forward with into July to pay bills. There is \$173,000 left in credit cards and \$33,000 in the advance account. I reviewed how the cash came in last year and we seem to have collected approximately \$150,000 a month in the months where we did not send the quarterly bills out for the Marina and got that big influx of money for the slips. We are looking at approximately \$500,000 to pay bills in August and September which hopefully we won't need to go to the Bally's money.

Commissioner Stack questioned what the Bally's account started with in July of 2012. Ms. Wagener informed that last year the Authority had \$1.9 million when the year started and \$878,000 was used. The balance is \$1,072,000. For 2012 \$1,000,280 was budgeted to come from the Bally's account and slightly more than \$1.1 was budgeted for this year. We did not use all of that last year. We could end up possibly needing that for the dedication ceremony.

Commissioner Stack noted that there was \$1 million in the account, but the budget is \$1.1 million. Commissioner Hoffman advised that when the budget was prepared, the \$1.1 was projected to be in the account at that point in time. Mr. Capo added that if the budget was prepared correctly, the \$84,000 would not appear in the Bally's account. Commissioner Hoffman requested when the reconciliation is prepared to make sure that the amount that we have in cash in the account covers what is budgeted. If we have to lower the amount of revenue coming out of Bally's because of that, it has to be on the reconciliation sheet. Mr. Capo added that the revenues will be reduced also so it may require more coming out of the Bally's account. There is also another account that goes with this account; the Marina side. The Marina side has \$187,000 in that account. Those are the two Bally's settlement accounts. We are only looking at one account. There are two Bally's accounts. LAMP 6 South Shore Harbor Marina Center is a settlement account and LAMP 7 Settlement is another Bally's settlement account. One was for the Point Building and the other was for the remainder of the Bally's settlement.

Chairman Hoffman requested that when these new items come up to make sure that we are using current information so we know where we are getting the money from. Mr. Capo advised that the budget was prepared five months ago and it needs to be fine tuned to reflect current information.

Commissioner Stack addressed fiscal year 2013, the year that just ended, and questioned if the bottom line was a surplus. Ms. Wagener advised that the Authority was under budget by \$400,000. Commissioner Stack noted that the budget also included the money from the Bally's account which was going to be taken out in the amount of \$1 million. Only \$878,000 was taken out so is that difference added to that \$400,000? Ms. Wagener stated that the transfer is not mixed in with the budget that the auditors will look at. The auditors take the revenues and subtract the expenditures. Commissioner Stack questioned how \$1.1 million was taken from an account that only has \$1 million in it. Mr. Capo advised that the account really has \$1.2 million.

Chairman Hoffman noted it was more complicated. There are two settlement accounts that come up with this. The amount that is in the budget is what was projected to be left in the budget. The budget is prepared on a fiscal year basis, yet from a cash basis we pay the bulk of the insurance relating to the current fiscal year was actually paid in June in the other fiscal year so it hits the cash accounts, but not the budget until this coming. I understand what you are asking. It is going to require a reconciliation where you can see the reconciling items to get back to the numbers. It is not straight forward. Commissioner Stack advised that last year the Authority operated the full operations \$500,000 under the budget. I am not comfortable with the fact that it is \$400,000 and not everything was taken out of Bally's. I would like just a bottom line. Ms. Wagener informed that it is hard to discuss cash in a budget because they are really two different things. Commissioner Stack advised that he is aware of that, but I can tell at the end when it is reconciled if I am under budget or over budget. The bottom line, whatever is charged to that particular fiscal year. I think it is an advantage of saying that the Authority is operating under budget. I can never find the Bally's transferring in and out in the numbers. Mr. Capo stated that at the end of June, we did put forth what we thought were the projections, making assumptions of costs to be incurred in the month of June, would be as of June 30, 2013. We had projection approximately \$400,000. That is subject to the audit. Those were projections that we were making at the time. On June 30th when the budget to actual were presented, there were some expenses that were going to come in the next two weeks that would have been charged against that prior fiscal year. We did not know what the actual costs were so projections were made. One was grass cutting. We still have a large grass cutting dollar amount that at the end of June we had not received the June grass cutting invoices. Commissioner Stack noted that there is a point in time where the books are closed on fiscal

Commissioner Stack noted that there is a point in time where the books are closed on Fiscal Year 2013. When is that point in time? Ms. Wagener advised that there are still several entries to make at this point. Nothing is being charged to June and everything is closed to expenses and revenues to last fiscal year. Chairman Hoffman noted that these are adjustments that will come from the auditors which will be for benefits. Ms. Wagener advised that numbers have been projected for the auditors to work with, but they will come back and give us the right number and that will be adjusted. Chairman Hoffman requested for the next meeting Ms. Wagener bring the updated June 30, 2013 balance for last fiscal year. Mr. Capo noted that it will only be as current at that time without any audit adjustments. That number may be adjusted several more times through audit adjustments. Chairman Hoffman noted that it should be adjusted one more time for the benefits. Mr. Capo advised that what the auditors may find is unknown. They may want us to do something that we did not do. Chairman Hoffman requested that subject to any audit adjustment, a potential number be given that you believe has everything included that we know about. Mr. Capo advised this is done once the audit is finished we come back to the Finance Committee and advise of the final numbers for the year. Commissioner Stack advised that something had to be presented to the auditor for them to look at. Mr. Capo informed that he would bring that. The trouble with that is that I could give you a number today, but it may change next time. Chairman Hoffman advised to label that number on the day it was presented and if the number changes there will be a reconciling item. Ms. Waganer questioned if an income statement or a budget to actual should be given. Chairman Hoffman advised that the Committee wanted to know what was actually spent and collected and we want to know what the net is from that. Forget about cash movement. What did the Authority collect and what did the Authority spend. Commissioner Stack added that the collection should include whatever was transferred in from Bally's. I am asking this question because I remember the \$400,000. In my head the previous months before that I was projecting more like \$750,000. I am wondering how we had \$400,000 surplus, but some was transferred in from Bally's and some was either put back or we never transferred the full budget amount. Is that reflected in the \$400,000 or is that added to the \$400,000? This Fiscal Year we are projecting \$1.1 being transferred in from Bally's. Last Fiscal Year we projected \$1 million being transferred in from Bally's, but that entire amount was not taken. We still wound up with \$400,000 extra. We are under budget, but it looks to me that we are actually \$600,000 to \$700,000 under budget. I am wondering if that is right. That is important for us to be able to say that to legislators in testimony of what we have done from year to year.

Chairman Lupu stated that previously, before this was a panel, we assumed that the Bally's money would run out several years ago. That is a good story. Ms. Wagener noted that when the police were transferred it helped tremendously.

Commissioner Stack noted for the record that mainly staff is doing a good job. To a lesser extent the Board is doing a good job, but to sell that message we have to be able to answer those questions. Staff has done a great job with the things that this Board has done, but we need the facts and the numbers. We cannot give inaccurate numbers because we will lose credibility. Mr. Capo advised that this information will be presented at the next Finance Committee meeting.

Chairman Hoffman addressed the check register and noted that Belou-Magner was being paid. Chairman Lupu advised that Mr. Nelson informed that the Authority is holding out retainage and liquidated damages. When the next payout is received there is an order to hold. Ms. Wagener advised that before this was paid, we checked with all the proper people to make sure that they wanted to go one more to the next invoice.

Mr. Capo advised that the credit card statement was included that shows a purchase for a transcriber. There was an additional \$900 charged to the credit card for Aviation Broadcast who will do a dissemination of the Bastian-Mitchell RFP. They will do that 12 times within the next 90 days to advertise the RFP nationally for \$900.

Commissioner Stack addressed the credit card and questioned if it was with the same bank that the Authority was doing business with and they have the nerve to charge us an annual service fee of \$25. Ms. Wagener advised that this is not technically the bank because when I have problems or questions regarding the credit card you don't call the bank, you call someone else that is not located in Louisiana. I don't think the bank has any control over the fees because we don't pay fees for anything else. Commissioner DeRouen stated that the request needs to be made to have the fees waived for the credit card. Chairman Hoffman stated that the request can definitely be made. I have seen in all sorts of credit card companies that fees are being included to make up for this and it is no longer if you keep a balance because the credit cards are no longer being controlled by the banks. The credit cards are farmed out to third parties. Ms. Wagener advised that she will contact the bank to request that the \$25 fee be waived.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, September 5, 2013 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:23 p.m.