

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, JANUARY 9, 2014 – 4:30 P.M.**

The monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, January 9, 2014 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 4:30 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
Commissioner Carlton Dufrechou

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Steve Nelson – Stuart Consulting Group

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner DeRouen offered a motion to approve the Special Joint Finance/Airport Committee meeting minutes of August 21, 2013 and the Finance Committee meeting minutes from November 7, 2013, seconded by Commissioner Dufrechou and unanimously adopted.

NEW BUSINESS

1) Discussion and approval of contract with BLD Services for the base bid amount of \$32,700 for the Lakefront Airport Drain Line Repair & Inspection project

Mr. Capo advised that the drain has collapsed by the taxiway at Lakefront Airport and the base bid for repair is \$32,700. Five sections have collapsed on one side of Taxiway Charlie, two sections collapsed on the opposite side of the taxiway and there is another collapsed spot inside of the southeast triangle. Stuart bid the work and BLD was the low bidder. There was an alternate, which was not chosen as BLD was the high bidder on the alternate. That is a maintenance issue and monies will be moved in the budget to cover the expense.

Mr. Metzger advised that the issue was reviewed and recommended for approval by the Airport Committee subject to the approval of the Finance Committee for expenditure of funds. Mr. Pruitt advised if the drains were not repaired there is a high possibility that the taxiway may collapse as there are collapsed drains on both sides of the taxiway. The drain is

showing signs of collapsing along the length of the taxiway and has become a safety issue. Mr. Capo advised that funds can be moved from three areas of the Airport budget to cover the \$32,700 expense: Professional Services, Contractual Services and Materials and Supplies.

Steve Nelson, Stuart Consulting, advised that the repair project will take approximately four weeks. With infrastructure repairs, the longer the repair is delayed the worse it will get. Soil is migrating into the drain line with each rain event causing subsidence. The alternate includes CCTV video of several drain lines in the area, which is recommended at a later date as one line runs underneath the taxiway and could collapse with the weight of an aircraft. The alternate is a preventative measure that would determine if there is a current problem. It is not visible from the surface.

Commissioner Stack noted that the base low bidder proposed \$23,000 for the alternate as the company may not specialize in that type of work. The second bidder bid \$11,000 for the alternate.

Mr. Nelson advised that there are 280 feet of line in the base bid that will be videotaped in the damaged area to determine what the issues are around the catch basins. The CCTV video will show if there are point repairs that can be made on certain sections of the pipe. The point repairs will be made and the remainder will be deducted out of the contract saving the Authority some monies. Replacement of the entire 180 feet is priced within the contract.

Commissioner Dufrechou offered a motion to recommend approval of a contract with BLD Services for the base bid amount of \$32,700 for the Lakefront Airport Drain Line Repair & Inspection project, seconded by Commissioner Stack and unanimously adopted. Commissioner Stack noted that the motion is subject to identifying the funding out of those three sources.

2) Discussion and approval of employee dental insurance with Crescent Dental for an estimated annual premium of \$11,753.52

Mr. Capo informed that Assurant was the low provider of dental coverage (\$10,820) when this issue was brought before the Board on December 5, 2013. The quote was based on the 200 employees of both the Flood Authority and Non-Flood Authority. The Flood Authority stayed with Crescent Dental and the Non-Flood Authority selected Assurant. As the Non-Flood Authority has only 22 employees and the bid was based on 200 employees, the additional cost to insure Non-Flood employees would be \$3,200. This motion is to stay with Crescent Dental.

Wayne Francingues, Gallagher Insurance, advised that the rating for a group of 200 employees is a different risk category than a group of 22 employees. If the Non-Flood Authority at any time under the vision or dental plan walks away from the 200 employee group, the premium will escalate. The rates came to the Non-Flood Authority as a large group as opposed to the smaller group.

Mrs. Wagener informed that the Flood Authority stayed with Crescent Dental as there was not enough of a difference to justify the paperwork and changes that would be involved. The Flood Authority assumed the

lower rate was a ploy to attract business and next year the rates would rise. The Flood Authority wants to see if the rates stay the same before they consider moving.

Mr. Francingues advised that the Levee District has been with Crescent Dental for 17 years. Each year a premium is quoted to give the incumbent a last shot to give the best premium. Crescent Dental has come back higher than some new plans, but Crescent agreed to meet the lower numbers. Crescent Dental has served its purpose for the Non-Flood and Flood Authorities.

Chairman Hoffman noted that the Authority is paying \$500 per employee for dental insurance, which seems high. Mrs. Wagener informed the Committee that \$2,000 in benefits is paid for every employee and each family member if the family plan is elected. Chairman Hoffman stated that the Non-Flood Authority severed all connection with the Flood Authority to avoid getting whipsawed into this kind of situation. Mr. Francingues advised that the split brought the numbers higher.

Vince Care, Non-Flood Authority, stated for the record that the Non-Flood Authority is currently covered with Crescent Dental and will receive an invoice for January 2014. The dental coverage is continuous; it did not expire. Mr. Capo advised that he would move forward with payment of the invoice and ratify the policy at the full Board meeting on January 23, 2014.

Chairman Dufrechou offered a motion to recommend approval of employee dental insurance with Crescent Dental for an estimated annual premium of \$11,753.52, seconded by Chairman DeRouen and unanimously adopted.

OLD BUSINESS

1) Review of budget to actual Fiscal Year 2013

Ms. Wagener advised the Committee that \$100,000 was transferred from the settlement account in December to pay bills. The Authority is using approximately \$100,000 from the settlement account per quarter. Barring any major expense, the Authority will have sufficient cash flow.

Expenditures are at 50% or less. Expenditures for Contractual are 63% to date, but if insurance is subtracted only 33% was spent for Contractual to date. Other Charges is at 95%, but that budget is small. The major expense for Other Charges is the credit for Hawthorne, which was not budgeted. That credit is due to the \$100,000 Settlement Agreement and Hawthorne is allowed to take the credit as and how they wish. Money still remains in General Fund (Utilities) as the lights on Lakeshore Drive have not been turned on. Grass Cutting is approximately \$15,000 per cut with 16 remaining cuts in the budget, which is under what was expected. There is money remaining in Lakeshore Drive for Parking Lot and Street Repairs which can be transferred to pay for the drain line repair at the Airport. Magnolia Pools was contracted to maintain the Mardi Gras Fountain and there is money budgeted for that expense.

Mr. Capo advised that it is possible the lights will be turned on within 90 days when the contractors finish on the north side of the roadway. All cobra heads were replaced with LED street lights in Reach 1A and 1B. The lights will come on in sections starting with the area between West End to Marconi. As each section is repaired those lights will come on line.

Mrs. Wagener reported that revenues at Orleans Marina and Lake Vista Community Center are tracking as expected. Revenues for South Shore Harbor are close to what was anticipated. The revenues are showing short, but the race event money is included in the budget, but that money will not come until April or May. The money spent for dock boxes is FEMA reimbursable. Mr. Capo noted that the Authority is responsible for 25% of the cost for the dock boxes as this project was a 75/25% split. Mrs. Wagener advised that work was not budgeted at South Shore Harbor, which shows a \$63,000 loss to date. The expected loss for the year was \$42,000. Mr. Capo noted that the fence cost \$8,000 and the gate locks were \$400 per lock for three locks, which is not covered by FEMA. The \$25,000 budgeted for Major Maintenance was used for the fence and the locks. There have been no break-ins or thefts since the locks were installed.

Mr. Capo advised that \$30,000 would not be spent for security cameras at South Shore Harbor. Project NOLA was contacted and has reduced the rates for cameras and advised of a monthly monitoring cost. Additional information is being gathered on Project NOLA to determine if a minimum of four cameras can be initially installed with the ability to add more as money becomes available.

Commissioner Stack noted that Belou-Magner was paid \$226,000 as stated in the Check Register. Mr. Capo stated that some retainage was released so Belou-Mager could pay sub-contractors to finish the project. Mr. Nelson advised that the liquidated damages are within the retainage. Money was withheld above and beyond the liquidated damages on the pay applications going into the close out of the project. This was agreed so Belou-Magner could connect the fire suppression tank to the fire suppression system. The Authority still has the liquidated damages in the bank account.

Mr. Pruitt advised the Committee that he has not yet received a firm confirmation regarding the Fortune 500 company for the Airport Terminal. Landmark has taken over the Bastian-Mitchell Hangar and is in possession of the keys. The company has a fleet of three Challengers with one currently for sale and a purchase in for another corporate jet. The company also has a helicopter, but the Challengers are what have been reported will be put in the Hangar. Mr. Metzger advised that the Fortune 500 company was Entergy, as revealed in a previous meeting.

Mr. Pruitt advised that Ochsner was negotiating to store the emergency helicopters at Lakefront Airport. Ochsner has not yet contacted the Authority regarding lease space in the Terminal Building. Ochsner has discussed the issue and has met with Alton Davis regarding the build-out.

Mr. Pruitt advised that Messina's held two events in the Airport Terminal. Mr. Capo advised that a formal reporting mechanism must be prepared. The Authority must be notified by Messina's of any event by the 10th day mark after the event and must remit payment to the Authority the 20th day after the event. Mr. Pruitt advised that the Terminal Building worked well for event consisting of 750 high school students. There were plenty of police in the building and one fireman. There was a slight glitch regarding heating in the Atrium, but once there are people in the Atrium the chillers kick on and the temperature is equalized. The parking lot lighting fuse also blew out and the portable lighting unit was used in the parking lot to provide adequate lighting. No complaints were received from the FBOs regarding the event. Messina's has another event scheduled in February and are currently negotiating with Ochsner for an event in March. Messina's is currently in the process of obtaining the property permits and equipment for the café. Mr. Messina has been working with Mr. Davis on improvements and changes that need to be made in order to open the Café at the end of February. Mr. Capo advised that Messina's advised there would be no additional events booked until the operations were up and running. Messina's

used the catering license to hold the two previous events in the Terminal Building.

Mr. Capo advised that Flightline decided not to lease space in the Terminal Building and has cancelled the lease. Mr. Metzger informed the Committee that Flightline gave notice in December and returned the space back to the Authority. The lease was ready to go and Flightline gave notice via e-mail. Mr. Matthews stated that the Terminal Building was not filling up fast enough with tenants. Commissioner DeRouen noted that the Bastian-Mitchell Hangar lease was signed. Mr. Capo stated that the Authority would now receive \$9,000 for rent and the \$13,664 for the insurance offset for the Bastian-Mitchell Hangar.

Commissioner DeRouen addressed the Freedom of Information Requests and noted that Flightline is asking for duplicate documents that were previously provided. Mr. Metzger informed that the questions are the same questions that have been asked for years. The last request was a summary of everything that was requested over the last few years and Mr. Curtis is assisting Mr. Capo with that request. There is no guidance on how many times the Authority has to provide the documents as it is a public records request. Staff follows what the law states and makes the documents available.

Mr. Capo advised that a date would be scheduled for the full Board to attend a Finance Committee meeting to discuss the 2015 Budget. The entire Board will be invited to attend to go through the budget only one time.

Mr. Caire advised that staff prepared comparisons on health, dental and vision insurance coverage. East Jefferson Levee District, Greater New Orleans Expressway Commission, City Park and the Port of New Orleans were selected for the survey. The survey shows the premium, the percentage the employee pays and the percentage the employer pays for health, dental and vision and allows you to evenly compare rates for health, dental and vision insurance. The conclusion of the survey shows that the Non-Flood Authority plan is about average with the six agencies selected for the survey. There were no dramatic differences. OGB is treating the Authority well, but options for vision and dental should be reconsidered next year.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, February 6, 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 5:30 p.m.