

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, MARCH 6, 2014 – 4:30 P.M.**

The regular meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, March 6, 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 4:36 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman William Hoffman
Vice Chair Michael Stack
Commissioner Carlton Dufrechou

FURTHERMORE PRESENT:

Commissioner Robert E. Smith Lupo

ABSENT:

Commissioner Patrick DeRouen

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

OPENING COMMENTS

Chairman Hoffman requested that the record reflect Commissioner Lupo's attendance.

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

The approval of the Special Finance/Budget Committee meeting minutes is deferred until the April 3, 2014 Finance Committee meeting.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo informed the Committee of issues that arose from the Airport Committee including the discussion on janitorial service for the Airport, cleaning of the common space and the offices inside the Terminal Building. As we had noted prior to the previous meeting, the maximum under this contract for cleaning the common space and the offices if everything was leased would be approximately \$34,000. There is 2,600 square feet leased and that cost is going to be \$24,000 plus on a per time basis of waxing and polishing the floors in the lobby and the atriums would be \$3,200 per waxing. That would be if there is an additional time if we would need the waxing. They are going to wax twice a month and that is inclusive of the \$24,000 that I mentioned initially. If we need a separate waxing of the floors per event basis would be \$3,200.

Commissioner Lupo advised that he is familiar with these type contracts. I made the point this morning. I have received a copy of the contract and I will take a look at it. What you really want to know is what it is per square foot because if you get new tenants and lose tenants that will adjust. I have no idea what common space that they are maintaining as well as the leased space. Mr. Capo advised that it would be the atrium on the bottom floor, the second floor and the hallways. Commissioner Lupo stated he would take a look at the contract and for the full Board meeting would have a synopsis. Commissioner Cantrelle is going to do the same because I know she has some background in there as well. Chairman Hoffman noted that the other question is: How often do we need to wax and do some of this cleaning if we have so few tenants. Commissioner Lupo advised that in these contracts the way it reads is that there are certain things that they will do automatically under the big contract. These waxings are when the Authority requests them, not when they request them. Commissioner Stack added that there is something that he does every two weeks and I did not understand the word he used. He did something to the floor, burnished. Commissioner Lupo advised this is buffing, but not stripped and waxed. Stripped and waxed is where you pay the \$3,200. I will take a look at the contract and provide my comments. Mr. Capo noted that the restaurant operator would assist with some of the buffing of the atrium floors as he sees fit. Chairman Hoffman clarified that the reason this item is being addressed is because it will allow the Authority to reduce the budget line item in next year's budget for that. You have to advise me why this item is being addressed. Mr. Capo stated this item was coming from another Committee and it is above my authority to enter into a contract. I need approval to move forward with the contract. Chairman Hoffman noted that once Commissioner Lupo has reviewed the contract, the Committee has to know how much money do we have in the budget to do it and if we did not have any money in the budget; where is it coming from? We are at the point where we cannot spend any money that we cannot identify a source for because there is no piggy bank anymore.

Mr. Capo advised that for Lakefront Airport Janitorial Services there is \$15,000 budgeted. We will have to bump that number slightly. That is next year's budget; that is not in this year's budget because we did not factor that in last March. That will have to be a number that we are going to have to look for the additional funds on.

The HVAC system at the Airport has not been serviced since the Authority has taken control of the building after substantial completion. We run the risk of voiding the warranty if we do not do a service on the unit. A one-time service of the unit is somewhere between \$6,000-\$8,000. Mr. Davis stated \$5,000, but generally Alton comes in slightly low on some numbers. I am thinking between \$6,000-\$8,000 which was passed by the Airport Committee because we do not want to void the warranty. We did have some bids that went out. The Airport Committee recommended that we re-bid this item and get additional names to try to expand the base that we submitted the RFP to and hopefully attract additional vendors who can provide this service and get a lower price at the same time. The numbers that we had on the low bid was \$20,000 to maintain a system for the first year. That is going back out for bid again and to reach a broader market. Chairman Hoffman questioned how the \$20,000 compared to what was represented when the Authority bought the equipment, or did we not ask that question? Mr. Capo advised that the short answer is that we did not ask that question. Also, the way it was portrayed to us is that it was a very simple system. We are finding out now that there is absolutely nothing simple about these chiller units. The cleaning, as Mr. Pruitt mentioned at the meeting this morning, some of the areas that need to be cleaned and maintained are in crawl spaces that are very difficult to get to. The ceiling is very difficult to get to so it does pose a complex issue and a labor issue for the maintenance for the vendor.

Chairman Hoffman questioned if we actually went out for bids and now we are rejecting them because of the cost. Mr. Capo informed that the bids would be rejected and try to broaden the base that we go to. The Airport Committee felt that we went to too narrow of a selection or group. Commissioner Lupo advised that Mr. Pruitt did not know how to go out and get a real commensurate group to bid on this contract so we are asking Steve Nelson of Stuart Consulting and Commissioner Stack will come up with how those departments go out and advertise so there is a wide enough net. The net was very small because they only asked three people. Chairman Hoffman stated that he wanted to make sure that the Authority does not run afoul of that rule that says you cannot re-bid for no reason whatsoever and we get sued by the man that submitted the only standard bid. Mr. Metzger advised that this is a bid under the Louisiana Public Bid Act. We are okay. Mr. Capo added that this would have been acceptable if phone quotes were obtained. Chairman Hoffman questioned if there were a time table set so this could be done because we definitely need to keep the warranty on the equipment. Mr. Capo advised that the Authority has to move forward with the one-time maintenance so the warranty is not voided, and as Mr. Davis eluded to this morning that will be within the next three month window. Hopefully, we will get the bids back out to the representative of the vendors and they get this back and start on July 1, 2014.

Mr. Capo advised that the next item that came from the Airport Committee was to contract with H3 Electric to build racks and raise the airfield regulators in the amount of \$5,700. That is eligible for State grant funding so the Authority expends the money and gets reimbursed from the State on that also. Chairman Hoffman questioned how long it would take for the Authority to get reimbursed. Mr. Pruitt advised that the State grant that the Authority has in hand was a \$37,000 grant. Ms. Wagener added that they are usually pretty quick when we can get the paperwork together and get it done, but that is not as easy as just sending paperwork there is a big thing that we have to go through. This will be within a matter of months. They were very quick toward the end of last year. Chairman Hoffman noted that he is nervous about the Authority's cash balance. Commissioner Stack clarified the statement that the Authority had the grant in hand; does that mean we have the cash in hand? Mr. Pruitt advised that the signed grant paperwork was received and the grant has been approved. We have to pay the money and then get reimbursed.

Chairman Lupo noted that one little bit of good news that came out of the Airport Committee, because we are talking about all spending, the Commemorative Air Force is going to hold a static display at Lakefront Airport in October and the Airport should sell more fuel and we can rent parking spaces and collect some money from that. With all of the bad expenditures, that is nice to know. Dollar-wise, there is some plus to it. Mr. Capo added that the Air Show will also bring traffic through the Terminal Building. We also have the NOAA Hurricane Hunter coming to the Airport in May. They are going to come to the full Board and give an update on that also. This is the actual hurricane hunter or reconnaissance aircraft that will give tours to schools and anyone else that wants to go through it.

Mr. Capo advised the Committee that items that came from the Marina Committee was a \$15,600 electrical assessment at South Shore Harbor. Ms. Wagener and I need to go back and see if we could find any savings at the marinas or throughout the agency to support that. Chairman Hoffman questioned the reason for the electrical assessment. Mr. Capo advised that this was the electrical inspection. South Shore Harbor Marina Tenant Association is adamant that those electrical units went under water during Isaac. They did not go under water during Isaac to my knowledge. We were out there and we have pictures. What has happened over the years since they were repaired in 2009 is that in the harsh environment there may be some corrosion building up on some of those electrical connections. They have come to us and said that the lone circuit breakers – some circuit breakers that should have tripped did not trip, they

overloaded the circuit and burned up some of the cords. We had an electrical inspection done at Orleans Marina. What this is going to do is mirror the inspection that we had at Orleans Marina at South Shore Harbor and to put to rest the question of if there are any issues at South Shore Harbor with the electrical connections in those power pedestals and what remedy situation do we need? Do they need to be cleaned, replaced and what is the condition? The inspection is \$15,600. Chairman Hoffman questioned how much the inspection was at Orleans Marina. Mr. Capo advised that the cost was about the same: \$15,000. Chairman Hoffman noted that as far as he is concerned the inspection cannot be performed until the money is found. Mr. Capo stated this was correct. We did not have time to look at the budget today to find the money in this year's budget so we are behind on that. We will have to get that money, but before I enter any contract I will give you a notice. Commissioner Dufrechou added that Mr. Capo is trying to find those funds and this issue has become somewhat critical. I personally think we are in good shape with the electrical system at South Shore Harbor, but there is a perception from many in the marina that it is not. I really think that it would benefit everybody if we bite the bullet on this one and get the inspection done for the overall leasing at South Shore Harbor Marina. Chairman Hoffman clarified that we are losing potential tenants because they think the electrical system is not up to par. Commissioner Dufrechou stated that he does not think we are losing tenants, but we are not getting them. I think the word is out right now for many people there that we have got a shoddy electrical system. I am not suggesting that I believe that, but that is a perception of many of the tenants. Chairman Hoffman requested Mr. Dixon's comments on whether there is a shoddy electrical system at South Shore Harbor. Mr. Dixon advised that he did not think so. Commissioner Dufrechou questioned if Mr. Dixon thought the perception is there. Mr. Dixon advised that he did believe that the perception is there. Chairman Hoffman questioned why the perception is there if Mr. Dixon did not think the Marina had a shoddy electrical system. Mr. Dixon advised that there was one tenant that burned a plug up a few months ago. It was a bad design on the plug. The plug into caused the problem. Chairman Hoffman commented that he was confused because if you believe there is an adequate system, if it is just the perception of a few tenants I don't understand why we cannot get that message out to them without spending \$15,000 to prove something. Mr. Dixon advised that in the Tenants' Association mind, they feel that it is a problem with the electrical system no matter what talking I do. Chairman Hoffman suggested asking the Tenants' Association where the examples were. Where is the picture and the results. I can complain about many things, but there has to be proof behind it before we spend \$15,000 for a survey. Commissioner Dufrechou noted that perception is reality. Chairman Hoffman stated that perception is reality, but sometimes the perception is incorrect. If we spend \$15,000 and somebody comes back and says that everything is okay and the cord still gets burned up, what happens? Commissioner Dufrechou noted that it would be obvious that the cord was the problem to start off with. Chairman Hoffman questioned if the Authority had to spend \$15,000 to determine that if we believe that is the case. Commissioner Dufrechou advised that at this point, I think we do. Mr. Capo advised that the issue is not going to go away. There are several people out there that are loud and they do spread the word that they believe that there are electrical issues at the Marina. Chairman Hoffman suggested that the next time the tenants bring up a specific problem, we should look at going in and checking for that specific problem. Commissioner Dufrechou disagreed and stated that what has happened, and this is a personal opinion, with some of those tenants there is a lack of trust from the Tenants Association primarily because the Authority has invested - and rightfully so - a lot in the Airport to try to get the assets back. They are looking at this from their own personal perspective that they don't care about the Airport, I care about the Marina and I pay what I pay for the Marina. The tenants want to see an investment back in the Marina. I believe that what Mr. Capo said is correct; these tenants think there is a problem with the electrical system and it is in the best interest of the Authority to make this investment.

Chairman Hoffman stated that he hears that there is a lack of trust. If there is a lack of trust we need to be addressing that. If we really want to get in the South Shore Harbor Marina, you have to look at the whole ball of wax and ask why there is not enough money to generate it and how do we all work together to try to do that. Commissioner Dufrechou noted that according to the Authority's numbers, we have a \$28,000 surplus year-to-date at South Shore Harbor Marina for this year. Chairman Hoffman questioned the last three years before that. Commissioner Dufrechou stated that there is not, however, if we look at Orleans Marina there is a \$766,000 surplus year-to-date. I want all of the resources for Non-Flood to work, but we have to start putting money back into the Marinas if we are going to get them – particularly South Shore Harbor Marina – if we will see more occupancy. Chairman Hoffman stated that he did not disagree that the Authority had to invest back in. What I am saying is if there is a problem, let's fix it. If there is a perception of a problem, let's address that and is there a way to address that perception without spending \$15,000. Commissioner Dufrechou added that these tenants have been addressing that. They have been doing a monumental job building that trust with this Tenant's Association between the lighting, the security, gate locks and the cameras. The bottom line is if you go to South Shore Harbor compared to Orleans Marina, one is almost stellar and the other is a step-child. South Shore Harbor Marina is a step-child. Not only perception, I would go out there and look at the difference of the heads and the overall facility. Orleans Marina is a much better Marina. If you want to go someplace, that is the place to be. I don't mean to make this a sticking point, but I do sincerely believe that it is in the best interest for the Authority to start investing more in South Shore Harbor Marina. I recognize that the funds have to be found someplace. I would like to leave it that I would strongly recommend to get the electrical inspection. Chairman noted that his concern is once we do this, it will be the next issue and the next issue. We need to have an overall game plan. Part of that game plan has to be to where South Shore Harbor Marina becomes a viable entity. We have talked ad nauseam about the people in this City who want to shut down the Airport because of the money that it is not generating. There is a contingent that would say the same thing about South Shore Harbor Marina and many of them live down at the other Marina. We are trying to balance it all, but if we think it is a perception problem that is my problem. If it is perception, I have a tough time spending \$15,000 on perception. Commissioner Dufrechou noted that perception, in defense of the folks that are in the Marina, the perception is real to a certain degree because we have not invested in the Marina. Chairman Hoffman stated that if there was \$15,000 that could be spent on the Marina, are you telling me that the first priority you would do is to do an assessment of the electrical system versus doing an upgrade of the restrooms. Commissioner Dufrechou stated this was correct because from the meetings with the Tenant's Association that is the highest priority. Mr. Dixon advised that there is a perception issue and the boating folks – if we are able to put this issue to rest a lot of this information. There is the truth and there is the whole truth. There is a whole lot of truth being talked out there so we need to go ahead and tell them the whole truth and get the inspection done. That way the issue can be put to rest and the folks that are leading the charge are going to be taken down a couple of notches. Mr. Capo added that his support for the inspection would be that it is a life safety issue. Chairman Hoffman noted that is not a true statement based on what I asked. I asked what does the Marina Director say and he says it is a perception issue. I do not want anyone going on record that it is a life safety issue unless you really think it is and then I won't have any qualm with this issue. What I have heard is that we are not talking about a life safety issue, we are talking about a perception problem. Mr. Capo advised that the perception is the life safety issue. Chairman Lupu noted that these are two very different things. I know you understand what the Commissioner is saying. You said that it is a life safety issue and my Director is saying that it is not. The Director has said multiple times today and so has Commissioner Dufrechou that this is a perception problem. What the Commissioner is saying is will spending \$15,000 on an inspection the way to

solve a perception problem. I am hearing you both say that is the only way to solve this. I have to admit, I would hope that there is another way to solve perception problems other than spending money on something that you already know is going to tell you something that you already know the answer to. I have not been in the meetings. You have had special meetings with just the group and I have not been there so I am at a disadvantage. What I am hearing is that there is no way you all can convince these people of the situation of the electrical without spending \$15,000 to do the whole thing. There is no way to take an example and prove that this system is okay? You could take one pedestal and have the best experts to come in and confirm that the way the pedestal is done and the way the other 422 slips are done. The way the other 200 are designed the same way; there is nothing wrong with these things and do that with one of them? Commissioner Dufrechou stated that Mr. Dixon had done that. Mr. Dixon advised that he had done that. There have been some problems with some of them. Mr. Dixon advised that one transformer went out. Commissioner Lupo noted that this was electrical stuff around saltwater and the two do not mix. I have known that since I was a child. Mr. Dixon advised that the Executive Director of the Tenant's Association is saying that his plug burned up. It was the plug, it was not the pedestal. When you hear that constantly over and over, sometimes they have the truth and not the whole truth. Commissioner Lupo questioned if a \$15,000 inspection was necessary; can you do a report on the design and installation of the system. I am trying to come back with something that makes you happy because of what you know and makes the Board happy because the Authority does not have any money. Commissioner Dufrechou stated that Mr. Dixon or Mr. Capo may be able to address the \$15,000 cost and the scope of the inspection. Maybe there is something that can be scaled back slightly. Commissioner Lupo noted that no Board member had a problem with Orleans Marina because that was a life safety issue. There was no discussion.

Commissioner Stack questioned the findings at Orleans Marina. Mr. Dixon advised that the two major areas – and we are getting bids on those – were due to a subsidence and cables that were connected in are pulling so we need to get that fixed. There was a number of 10-gauge wire used instead of 8-gauge wire. There are little differences from the scope. Commissioner Stack questioned if it would make sense to inspect the pedestals of the system that is currently in use at South Shore Harbor. South Shore Harbor is 50% occupied; does that make sense? Mr. Capo advised that this inspection would take in all of them. Chairman Hoffman questioned why the 50 pedestals that are not being used be inspected. Why would you inspect 50 of them that could sit there for another two years and just because of weather deterioration go down the tubes? Mr. Dixon advised that the entire system would be inspected, not just a part of it. Commissioner Dufrechou noted that he was not sure about the cost. I am sure that Chairman Hoffman is correct, there is a cost of the multiples of them. I think some of it is just once they are out there just to get the inspection complete. If we cut it down to half I doubt it is going to be 50% of the cost, but there probably is a scale. Chairman Hoffman noted that it may not be 50% of the cost, but we would never do that in the pure business mind. Unless you are going to be putting the slips into service, why would you go in there? I'd rather save the money and do it later. You still have to do the pier boxes though, so there is money tied up in that. I understand that it is not 50/50. The other question is: Can you inspect 10 or 20 at a time and see what the results are before you do all 445. Commissioner Lupo suggested that Mr. Dixon make the point without inspecting all 200 pedestals. If a tenants distrusts you so much that inspecting a portion of the pedestals will not make them happy, then I am of the opinion that inspecting 250 pedestals will not make them happy. Mr. Dixon stated that it is a situation to where I have done random, taking pictures, taking the pedestals apart and there were no corrosion problems. What they are saying is the breakers, which are sealed breakers and you have to sacrifice to look inside of them because they are sealed. The Tenants' Association wants us to test the breakers that are currently under use. Mr. Dixon added that the Association did

not want to sacrifice the breakers, just to test them. There was an issue brought up to put a load on each one and that would cost a lot of money and we are not going to do that. Commissioner Stack questioned if there was a compromise. We are doing some work at Orleans Marina, we did the inspection. Is there some kind of compromise that we could actually have our contractor that we used for Orleans Marina to take a look at some of these things and give us a proposal to fix it then? Even if we spent \$15,000 on the inspection, we don't have money to fix it. The contractor can take a look at the pedestals and give a proposal. Basically, they would do that for free because they want the work. We add that on to the contract from Orleans Marina to go ahead and fix the ones instead of paying \$15,000 on an inspection. That is what I am thinking. I don't know if that is possible. I am not familiar with that, but we may not have the money to go out and fix it for another two years and then we are going to have to do another inspection. Mr. Dixon stated that he did not think many issues would be found, if any at all to fix. Mr. Capo added that the wiring at South Shore Harbor was redone in 2009. That is all new wiring that has been pulled and those are brand new pedestals. Chairman Hoffman noted that is why, as tight as we are for cash, if we were going to spend money – and I fully understand reinvesting – but if we are going to spend \$15,000 I would rather spend that on the restrooms when you know there will be results than to spend the \$15,000 on what I am going to call “feel good” for somebody. I am not convinced if their distrust is that high if we went out and gave them a report that says nothing is wrong, that the next time they burn a cord – and they will burn a cord. Commissioner Lupo stated that burning cords happens all of the time. Chairman Hoffman stated that the Authority would be back in the same boat. Commissioner Lupo commented that the guy has an undersized cord and he plugs it in. It is a cheap one and his boat surges and what end goes? If the end goes where it is hooked into us, it looks like us, but it is not us. It is the man's boat. Chairman Hoffman stated that if it comes out again you get the guy out there that day to check that and find out what the cause is. Mr. Dixon stated that is what he does. I had H3 come out, the gentleman was at the meeting with us came out and inspected the pedestal and it all checks out fine. Commissioner Lupo questioned if he gave a report. Mr. Dixon advised that he received a written report. Commissioner Lupo suggested sending the written report to every Marina tenant to advise what was done and as a result we are having a random test on several pedestals. The random tests on those pedestals can then be provided to the tenants. I know that we are required to have tests for the Fire Marshall every so often. Whether that is mandatory or not, I don't know that it is. We are all trying to come to compromises that save the Marina money to do just what you want to do. Chairman Hoffman noted that everyone agrees that if it is a life safety issue, there is no discussion so that is not the issue. Mr. Dixon advised that it is one of those perceptions that it is a life-saving issue. Commissioner Lupo stated that he has perceptions of tenants all of the time. If every time some little old lady that owns a needle shop does not think that the air conditioning is right because of her aunt has hot flashes and I spend \$5,000 for a survey of the AC equipment in the building, I will be broke. There comes a point where you go, “Guys, you are being unreasonable.” Commissioner Dufrechou stated that he appreciated everything that was said and done. On the business end I completely agree. On the Causeway I am known as a tightwad. Commissioner Lupo stated that earlier in the day he agreed with Commissioner Dufrechou that I was under the impression that there was a known problem. I am hearing for the first time from both of you all that there is a perception issue. Chairman Hoffman stated that staff had to find money no matter what is done. I would just ask if you could think about if \$15,000 needed to be spent to solve the perception issue or is there another way this could be done. Commissioner Dufrechou suggested to take Commissioner Stack's recommendation. We have the electrical contractor at Orleans Marina? Mr. Dixon advised that Orleans Marina was in the process of getting the bids back to do the work. A contractor has not yet been selected to do the actual work. What Commissioner Stack is recommending is to get whomever does that to come out and make an

assessment at South Shore Harbor. Commissioner Stack clarified that it would be for the contractor to take a look at South Shore Harbor and give an opinion. Commissioner Dufrechou noted that this would still be a third party, which would go a long way. The PE was actually my recommendation and the best way to go. I guess the man that gave us the proposal was the one that did the inspection at Orleans Marina? Mr. Dixon stated that he is the one. Commissioner Dufrechou stated that at a minimum, we would be much better off having something in hand that was a third party from us to give back and show that we have accommodated the Tenants' Association's request. The electrical contractor may work, and in fact wasn't one of Mr. Gillen's partners in the Tenants' Association an electrical contractor. Does anyone remember? Mr. Capo stated that the gentleman from Orleans Marina Tenants Association is an electrician. We have to get someone in here. If it is an electrical contractor, then try that route. What is the timeline on the selection of the contractor? Is it happening in the near term? Mr. Dixon stated the selection of an electrical contractor for the repairs to Orleans Marina would be completed by next week. Commissioner Dufrechou clarified that the contract would be awarded 30 days after that. Mr. Dixon advised that it all depends on what comes back and the cost. I have heard that it will be a lot of money and I have heard that it is simple money. Commissioner Dufrechou questioned if the Committee was okay that Commissioner Stack asks that whoever gets the award to come out and make an assessment for South Shore Harbor Marina. Commissioner Stack stated from the history's perspective, the system was re-done in 2009, the tenants are claiming that the system went underwater in 2012. Mr. Dixon advised that he knew for a fact the water did not hit the breakers. The water did not hit the breakers. We were out there. Commissioner Stack clarified that the Marina had a relatively new system that had not gone underwater. If the system did go underwater and it is damaged then we have a FEMA claim. Mr. Dixon advised that it did not go underwater. Chairman Hoffman noted that there are 200 pedestals out there. It does not surprise me that every year a number of them would go bad. Think about the sockets in your house. I have to replace one or two of them every year because they blow a fuse. Mr. Dixon suggested to come back with a random sample. Commissioner Lupo stated that he liked Commissioner Stack's approach first. If there is any kind of finding, we can move in steps. That might placate the tenants that you are moving in steps. If they see something happening, then their patience gets longer.

Mr. Capo addressed the issue of cameras at South Shore Harbor Marina and noted that the cameras through Project NOLA in conjunction with CCCTV Wholesalers and Sure Shot Video propose to install eight security cameras, the switch equipment and the recorders in the amount of \$7,463. In addition to that we would need to contract with H3 Electric to provide conduit for the eight security cameras and the cost there is \$490 or approximately \$8,000 in costs. Where we propose to get that money is that we have a proposal coming in to us to have a movie shoot at the Point where the old Point Building was located. They proposed to pay us \$8,500 for set up and a one day shoot and another breakdown day. If we can move forward with that movie shoot at South Shore Harbor Marina, we will get the \$8,500 to cover this cost. Chairman Hoffman questioned if it was a higher priority than the electrical. Mr. Dixon stated that it was a higher priority. Chairman Hoffman commented that he would want cameras first. Mr. Capo noted that since the security fencing and the locks on the gates I have not heard of any vandalism or reporting of theft in the Marina since that has been implemented. Chairman Hoffman questioned if this meant that the cameras are not needed. Mr. Capo advised that the cameras are not going to deter anything, the cameras will be for after the fact. If something happens then you have a camera to go back on and look at what happened. That is a call by the Marina Director and discussions with the Tenants' Association. Chairman Hoffman noted that is why he was asking if this was a higher priority than the electrical inspection. To a certain extent they are both perception. People have the perception that if there is a camera up there that

can be very comforting for security. Mr. Dixon stated that if you can have something that is equal because it is an equal type item. One is for their property and one is more of a deterrent. I think it is more of a deterrent than anything else. I would like to see the cameras up and running. The electrical system is a perception, but we are moving forward if we can at least do a random sample. Chairman Hoffman questioned if there were cameras at Orleans Marina. Mr. Dixon stated that there were cameras at Orleans Marina. Commissioner Stack questioned if the camera idea was the Authority's proposal or did the tenants come to us with the camera proposal. Mr. Dixon advised that it was the tenants who approached us. Commissioner Dufrechou noted in the tenant's defense that much research was done regarding the cameras. The positive to the cameras is that it is a conclusion to the security issue from gates to locks to cameras. I understand where Mr. Dixon is coming from. I want to get back to better use of money I think would be on the inspection. I don't mean to disagree, it is just an opinion. If we got the funds to do this, it would be good for us to do it and get it checked off of the list. That is one more thing that could build more trust. Chairman Hoffman advised that it sounds like the Authority has \$8,500 of unbudgeted funds that could be available to enhance the quality of the Marina and how do you want to spend that money. Commissioner Dufrechou questioned when the \$8,500 would be available. Mr. Dixon advised this would be one week after the Iron Man event, which is April 20, 2014. This is approximately six weeks out. Commissioner Dufrechou requested six more weeks and we can let you know at the next meeting what the better priority is. Mr. Dixon added that one other thing about the cameras is that people are able to see their boats in bad weather up until they lose power. Chairman Hoffman noted that the cameras are an easier sell because of the connotation that they have. Commissioner Stack addressed the Iron Man and questioned if the Authority would be getting money off of the Iron Man event and if this was in the budget. Mr. Capo advised that the Iron Man was already in the budget. Commissioner Stack noted that the Tenant's Association upset in some kind of way that we spent money on Lakefront Airport and did not spend money on the Marina so they are going to keep coming back to us because they have a list. Commissioner Lupo stated that the e-mails received from the Tenant's Association are impressive. Commissioner Dufrechou noted that the Tenant's Association is a great advocate for South Shore Harbor Marina and overall they are a benefit. Commissioner Lupo agreed and stated that the Tenants' Association has been helpful to the operation as a whole. Commissioner Dufrechou noted that the best improvement would be to the head. Commissioner Lupo noted that he could not believe what he saw. When I first became Chairman I went out and did the tour and it was nasty.

Chairman Hoffman addressed the Marina and questioned if there were oversized slips that could be rented to smaller vessels at the smaller vessel rate and improve the revenue stream at the Marina. In other words could we take an 80-foot slip and rent it to a 50-foot boat tenant at the 50-foot boat rate? I have been asked why we are not doing that because the demand for 50-footers is there and we have zero demand for 80-footers. Why don't we take the 80-foot slips and mark them down to the price of the 50-foot slip and get them occupied and improve the revenue stream. Mr. Dixon advised that he was an ex-sailor and there is a situation of piles and where they are and how you can tie up your boat. Commissioner Lupo added that the piling layout may not suit the 50-foot boat when you talk about how to do the spring lines. I had a 60-foot boat and they put us in an 80-foot slip and we were tying ropes together and the boat never sat right. Unfortunately, it is not a great situation; not that it can't be done. Chairman Hoffman clarified that the 80-foot slips were designed for 80-foot boats versus most piers have a piling every few feet going down. Commissioner Lupo informed that no marina is designed like that. 50-foot slips are designed for 50-foot boats because of the piling layout. Mr. Dixon stated if you are wide – I have a catamaran in an 80-foot slip and he is paying an 80-foot rent and it is only a 40-foot catamaran because he is leasing an 80-foot slip. He needs the width so that

is the difference. Commissioner Lupo clarified that Commissioner Stack's proposal will be pursued and the next step would be a random test unless the contractor comes out and directs otherwise, but that is not going to happen. After you have a good report from a contractor you could go out and do a random five checks and supply that to the Tenants' Association and inform them that those tests are sufficient. Inform the Tenants' Association of what the process is going to be. Commissioner Dufrechou agreed and stated that it could be taken further than that and tell the Tenants' Association step-by-step what is happening. As long as they see that something is happening, that will be the primary thing. Between now and April 3, I will meet with staff and Tenants' Association and we will come back with a high priority.

Commissioner Lupo stated that it is great that the security has been completed. I was shocked when they came to us the first time and told us about the entire east side being open. Mr. Capo stated that some of the robberies may have been inside jobs. Mr. Dixon advised that there is a Non-Flood employee along with Weiser Security guards at South Shore Harbor Marina. Security is from 8:00 p.m. until 6:00 a.m. during the week and 24-hours on the weekend. That is at both Marinas.

OLD BUSINESS

1) Review of budget to actual Fiscal Year 2013

Ms. Wagener reported that Operating Revenues are at 69% and year-to-date is 66% so revenues are finally catching up with what they should be. We have been monitoring the fuel flowage closely. The fuel flowage is at \$384,000 at the end of February and last year it was at \$387,000 so we are just \$3,000 short of where we were last year and we had the Super Bowl last year so we have really managed to catch up. If we collect the same amount that we did last year in the next four months we will only be short \$40,000 for the year so it is a lot better than what we have talked about from month-to-month. It is increasing as we go along. Chairman Hoffman questioned if there were any big events scheduled in the budget for the next four months? Mr. Pruitt advised that the biggest event is something that nobody would notice. It is a big doctors' convention with approximately 30,000 doctors expected to attend. That is scheduled for next week and is usually a fairly large aviation event because all of the technical people bring in their equipment to show. We also have Wrestle Mania coming up and I do not know if that will bring anything. We have the French Quarter Festival and the next three months are generally track at about 200,000 gallons or more. As Ms. Wagener stated, we should make out pretty good. Commissioner Lupo questioned if Mr. Pruitt was surprised that we are at this situation where we are slightly short of what we had last year when we had the Super Bowl? Mr. Pruitt advised that the way big events such as Super Bowl work is it sells a lot of fuel in a little bit of time, but the aviation world is dead for the next three to four weeks and nobody wants to come to New Orleans. It kind of shuts down. The usual business changes up. It has always seemed to go that way during a Super Bowl event. It will be very big and then you will have nothing for the next three weeks or so and eventually it gets back to normal. Mr. Capo added that leading up to Super bowl in 2012, which was part of last year's budget, we had Hurricane Isaac. That knocked out some activity on the Airport from September through November so we had a dip in those three months. The Super Bowl really brought us back to normal.

Ms. Wagener reported that only \$200,000 of the Bally's money has been used, which leaves \$872,000 left on the account. There is \$411,000 on the credit card account to pay bills for the next month. We will run the credit cards again April 1 to replenish the account. We have spent \$100,000 per quarter so we might be in the same spot at the end of this month. With \$400,000 on the credit card account, we may not even need \$100,000. Commissioner Lupo questioned what was still budgeted out of the Bally's account for the remainder of this fiscal year. Ms. Wagener advised that \$1 million was budgeted for Bally's and we have used

\$200,000 so there is \$900,000 in the budget to transfer out for Bally's. We have \$872,000 in Bally's and \$187,000 in the Marina Center account. Chairman Hoffman noted that in next year's budget we have assumed that we are not going to spend all that this year. We have taken credit for that savings to balance next year's budget. Ms. Wagener stated that she is hoping is no more than \$200,000 will be needed from that account. What will happen is on July 1st when all the insurance is due that is when we will need the Bally's money to pay the insurance to get us through next year. The credit card should be able to keep us going and with a little extra revenue from the Airport that we are seeing that is unfunded and if the grass cutting stays minimal we are hoping we can get through another whole month after July 1st. Chairman Hoffman added that after that we have to keep working on the FEMA side of it. Mr. Capo added that in the 2015 budget we projected that in this fiscal year that we are currently in we are only going to take an additional \$200,000 out of that budget. The remaining \$700,000 was put into the new budget going forward for 2015. It is critical that we maintain the course, if possible, of only taking \$100,000 each quarter.

Chairman Hoffman questioned how Stuart Consulting was progressing on pursuing the FEMA close outs and additional funds. Mr. Capo advised that there is a meeting to be set up between the Authority, FEMA and GOHSEP. I do not believe Mr. Nelson has secured any dates as of yet. I will follow-up and see where he stands. Commissioner Lupo requested a report be distributed for the next Finance Committee meeting. That will give Stuart a deadline and that might make a difference. Mr. Capo advised that there was a meeting at Chairman Hoffman's office regarding this approximately three weeks ago. Commissioner Lupo advised that next year's budget has to be prepared and let Stuart know that this is crucial to have that money available to us. Mr. Capo noted that the Authority is holding the line on grass cutting. It looks horrible with the clovers. Commissioner Lupo advised that the Authority will get some push-back, but that is great because we will be able to tell the story. When the news media questions why the grass is not cut we can explain why it is not cut. Mr. Capo advised that 10 acres is being reduced from the New Basin Canal with the Irish Monument, some lay down areas on Lakeshore Drive and the north side of Lakeshore Drive. We are looking at approximately 10-15 acres that we will remove from that contract.

Ms. Wagener stated that the Authority is at 66% of the budget and none of the line items were at that except for the other charge which has the credit in it that is messing up the budget. Everybody is pretty much holding and our biggest savings will be in Personnel Services because there were several positions that were never hired this year as well as there were two people that left. The way Civil Service works is that we will be lucky if we get them replaced before the end of the year. It will take several months to get them in place. Chairman Hoffman questioned if the employees should be replaced at this time. Ms. Wagener noted that one employee needs to be replaced and the maintenance position needs to be replaced with someone. The person in Finance, we have had some discussions of maybe downgrading to get someone to get someone that is lower level that can do grunt work and help the office move forward because the work is not that difficult. Commissioner Lupo noted that the work that Tony Pisciotta was doing inspecting is not happening. I tell you what, look at the schedules and I will go with Mr. Capo to do inspections. I love to do stuff like that. Commissioner Hoffman noted that the maintenance position is in the process. Mr. Capo advised that it is in the process. I have gathered several of the job descriptions we may use at the Airport and Marinas on what we need. I wanted to get with Commissioner Lupo who has experience in property management to see what we need. We have been delaying as a means of saving some money. I know we are pushing it down the road, but we really do need to get someone involved on the maintenance of Lakeshore Drive. The Mardi Gras Fountain itself is quite a huge maintenance issue and task.

Ms. Wagener stated that there is \$1.96 on the credit card for Mr. Pruitt. Mr. Pruitt advised that this is to advertise the old Osh Kosh on e-bay. This is the 1992 fire truck. The only bids I received were for \$2,050. I don't know if that is worth our while. There was a \$5,000 reserve on it. They have to pick up the fire truck up and get it. I was going to discuss with Mr. Capo that we can put it back in for seven more days. One of the people that bid on this stated that he may be slightly more. Just for scrap metal, I was hoping that it would go for slightly more than that. I did not go the scrap yard route. The reason why I did this is the company that did work on the other fire truck stated that they had a big order overseas refurbishing this type of truck and that they were interested in it. By the time it was listed on E-bay they were not interested. They filled the order and they are not bidding on it. Chairman Hoffman suggested Mr. Pruitt check with the junk yard and if that can't be done, I am all for selling it for \$2,000 and getting it off of the books.

Mr. Capo reported that we are out for an RFP on the James Wedell Hangar and we are also advertised in Aviation Broadcast.

2) Update on Fiscal Year 2014-2015 Operating Budget

Chairman Hoffman questioned if any of the Committees find pots of gold that they did not need. Mr. Capo reported that there was no additional pots of gold and there were no expenses. The budget still remains balanced as of now. We look at this on an ongoing continuous basis to try to see if it can be fine tuned here and there, mostly on the expense side to see if we can save some money. Right now, this is the budget that we will put forth on the March 20, 2014 Board meeting.

Mr. Pappalardo advised the Committee that he spoke with George Messina and he stated that he was very pleased with the bookings that he had. He is pleased with the reception that he has in the event community and he should be opening the Walnut Room and café in two weeks, certainly by the end of March. The Walnut Room will be used strictly for events. The diner will be the everyday restaurant. From what we understood from the lease negotiation, Mr. Messina did not want to run a bar. If there is a demand, he will open the bard, but he was not at all interested in having a bar open on a daily basis to attract people that just want to come in for a cocktail. For example, he completely disregarded the idea of video poker. He did not want that kind of traffic. Commissioner Lupo stated that some of the flight people should tell Mr. Messina that they would like to go to the bar on a Saturday or for lunch because they would like to look at the airfield, not the atrium. Mr. Pappalardo stated that it is a learning experience. Mr. Messina must first get up and running. The event venue that was his attraction to the facility, he is at this point pleased. Mr. Capo added that during lease negotiations he was not sure if he was going to open on Saturdays and Sundays. He thought those were down days for him. Mr. Pappalardo advised that he had to inform Mr. Messina about the fact that it was a big meal venue on Saturday and Sunday mornings out at the flight deck. He was not aware of that.

Mr. Messina has one event for Children's Hospital and he will be using every square inch of the atrium. He has used the atrium and set up portable bars in the atrium. The way it lays out works very well. Chairman Hoffman questioned if the events were fitting in with the FBOs. Are the FBOs complaining about the traffic? Mr. Pappalardo stated that nothing has been heard. I'm sure Mr. Pruitt would have heard if there was a complaint. If one of the FBOs have something to say they find Fred and they say it. Mr. Pruitt stated that Messina's has complained that the Terminal parking lot is being filled up with vehicles when there are events. When the whole building is leased we are going to have to leave the Terminal parking lot for Terminal customers. I have signage getting made. Mr. Pisciotta ordered the signs, which say "Terminal Parking Only" before he left. Commissioner Lupo suggested that Mr. Messina buy some orange cones. Mr.

Pruitt stated that the night before an event cones are set up. He is paying for one of the firemen to be there so they set up the cones.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, April 3, 2014 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:50 p.m.