

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
TUESDAY, JANUARY 12, 2016 – 10:30 A.M.**

The regular meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, January 12, 2016 at 10:30 a.m., at 6920 Franklin Avenue, 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 Stack called the meeting to order at 10:49 a.m. and led in the Pledge of Allegiance. The roll was called which constituted a quorum.

Present:

Chairman Michael Stack
Vice Chair Wilma Heaton
Comm. Roy Arrigo

Furthermore Present:

Chair Greg Ernst

Staff:

Cornelia Ullmann – Chief Operating Officer
Sharon Martiny – Administrative Assistant
Marlene Wilkerson – Finance Department
Melissa Bailey – Finance Department

Also Present:

Steve Nelson – Stuart Consulting Group

Approval Of Agenda

Comm. Arrigo moved to adopt the Agenda, seconded by Comm. Heaton. Motion passed.

Approval Of Prior Minutes

Comm. Arrigo moved to approve the Finance Committee minutes of October 13, 2015, seconded by Comm. Heaton. Motion passed.

Report by Chief Operating Officer

The COO advised that Landry's lease provisions require a reappraisal. Current rent is approximately \$120,000 per year, and has not increased since 2005. A letter has been written to Landry's request that they appoint an appraiser. Additionally, Peninsula Condominiums has a very old lease, with a lease rate of \$1.14 per square foot with annual rent being \$39,000. There is less than 20 years left on the lease it is impacting condo owners' ability to resell or get financing. A current appraisal came in at \$2.75 per square foot and rent should be approximately \$89,000 per year. Peninsula Condominiums has approached the Authority regarding a lease extension.

The pump for the Mardi Gras Fountain should arrive shortly, and the Fountain will then be functional. Maintenance for the Mardi Gras Fountain costs the Authority approximately \$10,000 per year. Comm. Stack added that FEMA PW money was used for the Fountain. The Authority has a responsibility to maintain the Fountain. The Fountain does not function as the dancing Fountain with lights that the Authority paid for. There may be concerns if FEMA should audit the Fountain.

The COO advised that Dr. John Lopez (Lake Pontchartrain Basin Foundation) gave a report addressing the proposed marsh area near the new South Shore Harbor development. More studies are required on that project due to concerns regarding wave action create additional silting problems. The breakwater will

create a marsh area that would produce additional wildlife near the Airport that may need to be addressed.

The Authority has not yet received the \$372,000 reimbursement for expenditures for Replacement Shelter No. 3 from the USACE, which created a slight cash flow problem. The BP money has not been drawn down and is there as a cushion if need be for cash flow purposes.

Comm. Stack advised that the tax millage should be received somewhere between February and March. The COO advised that the tax funding is submitted to Orleans Levee District who transfers the funds to this Authority. The O.L.D. placed their millage on the ballot and .61 was carved out for the Non-Flood Authority. There will be approximately three payments per year. When funds are received, they will be placed in the Non-Flood Authority's LAMP account.

Old Business

1) Discussion regarding Mosquito Control

Comm. Heaton noted that working with Mosquito Control and the Airport Director, an agreement is possible to end the long standing dispute with Mosquito Control over its lease at the Airport. By entering into a lease with Mosquito Control, they will be able to access approximately \$700,000 in FEMA funds for repairs to that hangar. In lieu of cash rent, the Authority will receive needed services at the Airport to comply with FAA grants and assurances. The Airport Director is working closely to identify and quantify specific, needed services to the Airport. Authority will be presented with an agreement in principal with specific services. The Legal Chair will review the agreement and leases and make a recommendation to the full Board authorizing Chair Ernst to execute the agreement. The Airport and Finance Committees agreed in principle.

New Business

2) Discussion regarding Stuart Consulting contributions to airport floodwall arbitration and compensation

The COO advised that Stuart's work on for the floodwall was originally a revision to a FEMA Grant PW for the Airport flood wall under the scope of their FEMA grant consulting agreement. Since that time, Stuart has provided services that could more properly be characterized as engineering and expert testimony services in pursuant of the arbitration. FEMA has indicated that Stuart's services, either in assisting the authority with the PW revision or the arbitration, does not qualify for reimbursement by FEMA as DAC (Direct Administrative Costs). Through Sept. 2015, Stuart incurred approximately \$30,000 by providing expertise for the Authority on engineering matters, which the Authority would have had to pay for regardless. It would seem appropriate that Stuart's services outside the FEMA grant revision and application should be compensated.

Comm. Stack suggested this be done according to FEMA regulations in the event the services will later be reimbursed. Steve Nelson (Stuart Consulting) advised that FEMA policies state that everything up to filing the arbitration would be reimbursable and fall under the original contract. From filing of the arbitration until the final hearing, FEMA will not reimburse. Comm. Stack noted that Stuart Consulting is expected to know the procedures and advise the Authority accordingly.

3) Discussion regarding LVCC roof repairs

The COO advised that the roof is still under warranty but there may have been past repairs performed. Soprema advised that many of the issues are deferred

maintenance, which the warranty will not cover. There is \$350,000 that the Non-Flood Authority can borrow from the Flood Authority for roof repairs that are covered.

Eustis did the core drilling in suite 6513 in the half of LVCC that appears to be undergoing accelerated subsidence as indicated by the exterior sidewalk. A report will be forwarded upon completion to DEI for inclusion in DEI's report to the Authority. Comm. Stack noted concerns regarding the structural issue and advised that the Authority should not put a lot of money into the building without having an all-encompassing report. The necessary roof repairs should be completed to protect the Authority's interest and the tenant's interest but prior to committing to all roof repairs, he would like Finance Committee to receive a time table from DEI for submission of their report.

4) Review of YTD budget to actual Fiscal Year 2015-2016

Comm. Stack addressed check 16177 written to the COO on December 23, 2015 and requested in the future that notations be placed on each reimbursement check for out-of-pocket expenses, especially for employees. He noted that other checks had a notation but this one did not.

5) Timeline / work plan for Fiscal Year 2016-2017 budget

The COO advised that the budget will be the last agenda item addressed in the March 2016 Finance Committee meeting. The budget is due in Baton Rouge by April 1, 2016.

6) Confirm date of February Finance Committee meeting (currently scheduled for the same day as Mardi Gras)

The Finance Committee will meet on Thurs., Feb. 11, 2016 at 10:30 a.m.

Announcement Of Next Meeting:

The Finance Committee will meet on Thurs., Feb. 11, 2016 at 10:30 a.m.

Adjournment:

Comm. Arrigo offered a motion to adjourn, seconded by Comm. Heaton. Motion passed. The meeting adjourned at 11:47 a.m.