

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

The regular meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, April 12, 2016 at 10:30 a.m., at 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 Stack called the meeting to order at 10:35 a.m. and led in the Pledge of Allegiance. The roll was called which constituted a quorum.

Present:

Chairman Michael Stack
Comm. Roy Arrigo
Vice Chair Wilma Heaton

Furthermore Present:

Chair Greg Ernst

Staff:

Ken Schwingshagl – Executive Director
Sharon Martiny – Administrative Assistant
Marlene Wilkerson – Accountant
Melissa Bailey – Accountant

Also Present:

Chris Fenner – Stuart Consulting

Opening Comments

Chair Ernst announced that Comm. Rodger Wheaton will be the Chair of the Recreation Committee. Finance Chair Stack welcomed the new Executive Director, Ken Schwingshagl, and pledged the Board's assistance in the transition.

Approval Of Agenda

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

Approval Of Prior Minutes

Deferred

New Business

- 1) **Motion to approve Executive Director Kenneth (Ken) J. Schwingshagl in place of the former Chief Operating Officer Cornelia Ullmann to perform any and all functions in place of the Chief Operating Officer retroactive to March 21, 2016.**

Comm. Heaton moved to approve Executive Director Kenneth (Ken) J. Schwingshagl in place of the former Chief Operating Officer Cornelia Ullmann, second by Comm. Arrigo. Motion passed.

- 2) **Motion to add as signatories on the Capital One Bank Payable Checking Account: Executive Director Kenneth J. Schwingshagl; confirming current signatories Finance Chairman, Marina Director, and Airport Director; and removing Chief Operating Officer Cornelia Ullmann.**

Comm. Arrigo moved to add as signatories on the Capital One Bank Payable Checking Account: Executive Director Kenneth J. Schwingshagl, second by Comm. Heaton. Motion passed.

3) Motion to add as signatories on the LAMP Account: Executive Director Kenneth J. Schwingshagl and to remove Chief Operating Officer Cornelia Ullmann.

Comm. Heaton moved to add as signatories on the LAMP Account: Executive Director Kenneth J. Schwingshagl and to remove Chief Operating Officer Cornelia Ullmann, second by Comm. Arrigo. Motion passed.

4) Review of YTD Budget to Actual Fiscal Year 2015-2016

Chair Stack reported that Professional Services is double what was budgeted due to the arbitration and other legal matters. The Authority is 87% on revenues and 69% on expenses, which is good. Ms. Wilkerson reported that approximately \$161,726 in tax revenue was received from the Flood Authority with an additional \$1 million expected in the near future. Comm. Heaton noted that a .61 millage was passed. Fees are subtracted up front for the collection of these taxes. It is estimated that the Authority will receive anywhere from \$1.3 to \$1.8 million. The tax revenue cannot be remitted directly to this Authority because this Authority was under a millage elected with the Flood Authority, and it is a legal issue. The millage was passed under the Flood Authority's special levee improvement tax. Of the 4.3 passed, .61 is dedicated to this Authority.

Chair Stack noted the \$176,000 paid on Shelter No. 3. Ms. Wilkerson advised that the Authority is awaiting reimbursement from the Corps. The Authority has an out-of-pocket expense to date of \$160,947 resulting from three Change Orders. The last Change Order of \$147,477 was the result of modifications due to the shelter not passing inspection. The backflow preventers were approximately \$64,000, which is not an overage. The E.D. noted two issues: improper installation of sinks and thresholds that were designed too low, and not ADA compliant. The State Fire Marshall advised that the sinks and thresholds had to be replaced. DEI requested authorization to proceed with repairs (\$7,900) to correct the sinks and thresholds, authorization was denied, and DEI advised they would recover from the architect that designed the sinks and thresholds. DEI then requested an additional \$2,800 for the sealant on the cement floor. Shelter No. 3 was designed to include stamped concrete and a sealant for same. The stamped concrete was changed to lower the price, but the sealant was not adjusted.

Chair Stack noted that the Corps agreed to pay a set amount for the Shelter (construction and engineering included). The Shelter had to be modified and redesigned due to the exceedingly high cost. DEI was in control of this project as far as design and construction supervision, and should not be paid to redesign something that should have been designed or inspected correctly the first time. Comm. Heaton advised that this Shelter was a settlement with the Corps that included a budget of \$2 million, and requested the E.D. prepare a report detailing the Change Orders. Any overage must obtain Board approval. Chair Stack advised that the first payment included seed money, which the Authority will be reimbursed when the project closes out.

The E.D. advised that the lights were on at Mardi Gras Fountain, but the Fountain did not work. After examining the Fountain's electrical box, it was discovered that three switches were turned off. The switches were turned on and the Fountain immediately worked, but stopped soon thereafter. The switches may be tripping or it is possible the maintenance crew is turning the Fountain off. Chair Stack noted that the internet access to program the Fountain or monitor the Fountain from Earth Cam has never worked correctly.

The reimbursement of \$95,000 for drainage was the result of a drawn down on the wrong PW, which had to be paid back. FEMA will reimburse the Authority under the correct PW.

The \$26,000 for Entergy covers the Airport and Marinas. Comm. Heaton requested that amount be broken down and detailed. The safety lighting on Lakeshore Dr. is to be paid by the Flood Authority. Ms. Bailey advised of a leak at LVCC, which caused several water bills to be unusually high (\$24,000). The E.D. advised that the check for the water bill was signed. The procedure to request an adjustment for the high water bill requires payment of the bill, with an adjustment to follow after the leak is verified and repaired. Comm. Heaton noted that there was time to make amendments to the budget.

Chair Stack noted balances in multiple LAMP accounts. Ms. Wilkerson advised that the FEMA account is money used to pay for FEMA projects. The FEMA project money consists of the \$1.2 million received from the alternate project money. The money has no strings attached and can be spent any way the Authority wishes. Money is only taken out of the FEMA account if the Authority is reimbursing for something. Chair Stack noted that the money has no strings attached, but it is the position of this Board that it does have strings attached. There is a resolution stating what the money is to be used for. It is alternate project money that has a Resolution stating what the money will be spent on. From a legal perspective, the money has no strings attached. From a Board policy perspective, it is encumbered from a Board policy. Non reoccurring money should not be used to meet reoccurring expenses. The Executive Director advised that the budget will be revised to ensure that the \$1.2 million is used for capital outlays and not operation and maintenance. Ms. Wilkerson advised that the \$1.2 million is physically in the LAMP account. When the funds were received, it was thought to be reimbursement for expenses at the Airport. The money was then coded to the Airport, and must be backed out of the Airport. The Airport will be in the red once those funds are backed out. Chair Stack noted that with the tax revenue coming in, the Authority will be able to back the \$1.2 million out from the Airport

Chair Stack noted that the Authority had \$1.258 and another \$834,000 which should be free after arbitration is settled. That is the alternate project money, and it is slightly over \$2 million. The Shelter No. 3 money is the LAMP account. There is \$176,000 that is outstanding and waiting for reimbursement from the Corps. The Authority will finish out the fiscal year under budget.

5) Discussion regarding Fiscal Year 2016-2017 Budget

Chair Stack advised that the revised budget would be sent in June or July. Comm. Heaton suggested this item be placed on the May Finance Committee Agenda. Chair Stack requested a draft 2016-2017 budget of what the Authority is anticipating. The Authority must move forward with capital projects, as we have never been in a position to move forward with the needed deferred maintenance and capital projects that can be done. Chair Ernst noted that the main goal is that the 2016-2017 budget on the operational side is in balance and the needed cash flow to operate is shown. The Executive Director noted that pulling the capital money out of the operating budget and putting into the capital outlay budget will only affect a minimal amount of lines in the original budget request. The affected lines will be highlighted.

Announcement Of Next Meeting:

Chairman Stack announced the next Finance Committee meeting is scheduled for Tuesday, April 12, 2016 at 10:30 a.m.

Adjournment:

Comm. Arrigo offered a motion to adjourn, seconded by Chair Stack. Motion passed. The meeting adjourned at 5:11 p.m.