

THE NON-FLOOD PROTECTION ASSET MANAGEMENT
AUTHORITY

MINUTES OF MONTHLY BOARD MEETING

THURSDAY, OCTOBER 7, 2010 – 6:00 P.M.

The regular monthly meeting of the Board of the Non-Flood Asset Protection Management Authority was held on Thursday, October 7, 2010 at 6:00 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 Lupo called the meeting to order at 6:05 P.M., and led in the pledge of allegiance

The roll was called and a quorum was present.

PRESENT:

Chairman Robert E. Smith Lupo
Commissioner Carlton Dufrechou
Commissioner Darrel Saizan
Commissioner Greg Ernst
Commissioner Michael Bridges
Commissioner Romona Theresa Baudy
Commissioner Stanley Brien
Commissioner William Hoffman
Commissioner Wilma Heaton

ABSENT:

Commissioner Joe Hassinger
Commissioner John B. Trask

STAFF:

Vincent Caire, OLD
Tony Grego, OLD
Tony Collins, OLD-ARFF
Tony Pisciotta, OLD
Donald Booth, OLD-PD
Albert Pelliteri, OLD-PD
Nick Tusa, OLD-PD
Dawn Wagener, OLD
Sharon Martiny, OLD
Dave Dabney, OLD
Chuck Dixon, OM and SSH
Richard Lewis, OLD-Police Chief
Randy Taylor, Lakefront Airport

ALSO PRESENT:

Nick Asprodites
Al Pappalardo
Steve Nelson
Dawn Hebert
Octave Rainey
Susan Garcia
Ken Beler
Wesley Mills
Gerry Gillen
Rolando Gonzales
Jim Robinson
Braxton Matthews

OPENING COMMENTS:

Chairman Lupo opened the meeting by thanking everyone for attending and noted that it was great to see a good attendance from the community and staff. Chairman Lupo mentioned that some of the Board members had a conflict tonight and could not attend. The Chairman then advised that we have a great deal of hard work ahead of us in the next 12 months. Our charge is to find out exactly how the Non-Flood Assets sit financially, what the Non-Flood Assets' responsibilities are to the community and how we are going to find a way to finance those responsibilities and keep the community pleased with what the original charge of the original Orleans Levee District before the split. I think we have some great people on this Board right now and they bring some incredible expertise in their own rights. Bear with us while we work through this. It is not going to be easy. There is a great deal of learning to be done by all of us. We have great committees and great committee chairs that are going to look into each one of the separate departments that come under the Non-Flood Asset Authority and it is going to take us a little while to figure out what is the correct way to operate these functions and the correct way to finance these departments. So, please bear with us. It is not going to be easy.

Chairman Lupo then stated that at our last meeting we came up with the concept of having the board meetings at 6:00 P.M. He further stated that it is very important that we make it easy not only for the community but for the staff and the members to make all of the meetings. Chairman Lupo opened discussion to the Board for suggestions on what might be an appropriate meeting time. Chairman Lupo first asked the Executive Director for his comments on when we might want to reschedule, if we choose to reschedule.

Mr. Capo's recommendation was to schedule all Committee meetings on one day.

Commissioner Saizan stated that his concern would be if we stacked all of the committee meetings on one day that some members could possibly have to wait hours in between the committees to attend the committees that they serve on. Commissioner Saizan gave the example of chairing an Airport

Committee at 10:00 and having to wait until 1:00 to attend a police committee meeting.

Commissioner Saizan further explained that if we start at 6:00 P.M., as we are doing now, then we need to try and be done with the agenda by 8:00 P.M. unless we have an extraordinary item.

Chairman Lupo asked if there were any additional comments on the 6:00 P.M. start time and hearing none then 6:00 P.M. would be the start time.

Chairman Lupo also recommended that Mr. Capo get in touch with each Committee Chairman and work out dates and times and for Committee meetings.

Chairman Lupo proposed that the Executive Director serve as the spokesman for the board. Chairman Lupo added that from time to time friends and the public will have questions for the board members but when it comes to radio, television, newspaper, and print, we want to make sure that when we get a question that we go to the Executive Director with it and that he becomes the spokesperson for this Board and we don't have a lot of separate voices because he have seen that type of problem in the past. All members agreed with this policy.

Chairman Lupo asked Mr. Capo if all commission members handed in the ethics forms that we were given at the last meeting.

Mr. Capo responded that he spoke with Mr. Chip Kline yesterday and he has everything he needs from the current impaneled commission, and nothing is outstanding.

Chairman Lupo asked for a Motion to Adopt the Agenda. The Motion was moved by Commissioner Saizan and seconded by Commissioner Ernst. Chairman Lupo called for the vote and hearing no objections, the motion was adopted.

REPORT BY EXECUTIVE DIRECTOR:

a. STAFF INTRODUCTIONS:

Mr. Capo began by introducing the staff from his office and the executive staff that manages the Non-Flood properties.

Mr. Capo recognized the following individuals:

Ms. Dawn Wagner, Comptroller, Non-Flood Assets.

Mr. Dave Dabney - Payroll and Benefits Supervisor.

Mr. Rob Aucoin - Accountant.

Mr. Tony Grego - Accountant.

Mr. Vince Caire - FEMA and Grant Manager and Human Resource Coordinator.

Ms. Sharon Martiny - Administrative Assistant to the Executive Director and to the Board

Mr. Chuck Dixon - Director of South Shore Harbor and Orleans Marina.

Chief Richard Lewis - Orleans Levee District Police Chief.

Ms. Nina Marchand - Director of Compliance and the Disadvantaged Business Enterprise Program.

Mr. Anthony Pisciotta - Director of Property Maintenance

Mr. Randy Taylor, Director of the Airport.

Chairman Lupo stated that for the members of the audience, who may not know these employees, all of these people have done so much with absolutely nothing for the past five years and I want to personally thank them all for a good job.

b. CREDIT CARDS:

Mr. Capo advised that recently in the news there have been numerous stories on abusing credit cards. Mr. Capo assured the Board that we do not have a bank card or Visa. Mr. Capo explained that in the event a purchase requires a Visa Card then we would contact the Flood Division's Purchasing Department. They will purchase the item for us and submit the invoice to us for payment over the last 3 ½ years we spent approximately \$6,000.00 and the most significant item was the \$4,000.00 purchase for QuickBooks financial software. This software was purchased in July of 2007 and is the financial management software for the Non-Flood Asset Division.

c. TAKE HOME VEHICLES:

Mr. Capo addressed the issue of take home vehicles and stated that in 2006 we implemented a policy and reduced the number of take home vehicles. As it stands today, Mr. Capo is the only one of the Non-Flood Asset Management that has a take home vehicle. The Police Department is allowed take home vehicles, however, the policy in place is that each officer pay \$125.00 per month for the take home vehicle. That concluded the Executive Director's report

Chairman Lupo commented that we don't have any committee reports and that the committee meetings will be advertised and opened to the public. Chairman Lupo further stated that Commissioner Hoffman has probably the toughest job. He will be examining the finances and figuring out where all the bad news is.

Commissioner Hoffman stated that he appreciated Mr. Capo addressing the credit card issue because that was one of the first things we discussed when we got together to begin looking at the finances of the District. Commissioner Hoffman further stated there is a lot of parts and pieces and over the next few months, we are going to try to get a picture put together to where we can communicate both to the Commissioners but also to all of the citizens and hopefully we will be in a position to answer questions as they come up in the future.

Chairman Lupo thanked Commissioner Hoffman and asked are there any other questions at this point.

Commissioner Baudy asked if all of the seats for the Commissioners been taken or appointed.

Mr. Capo responded that we are still waiting for Mayor Landrieu, Senator Morrell and Representative Richmond to appoint their representative to the board.

Commissioner Saizan stated that he was aware that the legislators are working on those appointments but wasn't sure about Mayor Landrieu

PRESENTATIONS:

a. LESIA BATISTE, ESQ. LAKEFRONT SPONSORSHIP:

Mr. Capo introduced Ms. Lesia Batiste, Deputy General Counsel for the Division of Administration, who will update the Board on our discussions from this morning regarding the FAA's concerns with sponsorship of Lakefront Airport.

Ms. Batiste stated that she is here to give the Board the concerns that the FAA has about this Board or Authority having control over Lakefront Airport. Many of you know that there are some regulations and obligations when you are dealing with federal funds and federal grants. Back in 2006, when the Orleans Levee Board was broken up and the Division of Administration was considered, the Management Authority and had to enter into certain agreements and obligations with the FAA to assure them compliance with the FAA rules and regulations. After this Board was created, I was contacted by Andy Velayos and he was concerned with Act 1014. Mr. Velayos felt that Act 1014 violated the federal laws and that Act 1014 allowed the Board to take funds and revenues and do what they think was best with them. I tried to assure him that that did not mean that and the Board would use any federal funds from the Airport and do anything that was in disagreement with their previous obligations. Ms. Batiste handed the commissioners a packet containing copies of the letters that she has sent to Mr. Velayos.

Ms. Batiste stated that we held a telephone conference this morning with Mr. Capo, Mr. Velayos, and the attorney with the Department of Transportation today. Mr. Velayos still feels that the legislation needs to be changed. That it needs to be re-written to where the Airport is taken out of the Non-Flood Asset and the Airport has its own Board or Authority, and the Airport

Revenue is used only for certain Airport expenses. I'm sure you all know about the diversion of funds, but he wanted us to express to you his concerns. I have a letter that he wrote back in July of 2010, and then he wrote another letter in September and the Board came into existence in August. His letter came out before you actually were impaneled and once you became impaneled he was still concerned because he did not know what would happen with the Airport.

Commissioner Heaton asked Ms. Batiste if what she is saying today to the Commission is that Andy Velayos with the FAA is concerned that we will not follow federal law.

Ms. Batiste responded that was basically what he said even though he did not use those exact terms.

Commissioner Ernst believed that Mr. Velayos is concerned that the legislation itself may create some problems for the various departments of the FAA. He was concerned about that in the letter and he is expressing or recommending that there be changes made to the legislation.

Ms. Batiste further stated that she did talk to Mr. Velayos about that and she told him that the likelihood of that happening is quite slim. Ms. Batiste reported that Mr. Velayos stated to her that the grants would get processed and he didn't think that it would affect the grants.

Ms. Batiste restated her concerns on the grant issue and stated that she asked Mr. Velayos if he was going to disallow or not allow us to get any grant funding. He said not necessarily, he just wanted us to know that he pointed out certain paragraphs in Act 1014 that he felt was contrary to federal law. Ms. Batiste expressed to him that the federal law preempts the state law and those agreements that we have already signed preempt anything that we could go against. Ms. Batiste further stated that she is not sure what is next, but he did mention that he might want to come and meet and talk to the Board.

Chairman Lupo stated that Act 1014 does have vague language about what this Board could and could not do with assets. He stated that Lakefront Airport is one of those assets where the language was not crafted well enough to make the point that when it comes to the Lakefront Airport; it was limited in what it could do. He understood Mr. Velayos' concerns, and he hoped that your offices and the FAA attorneys will get together and craft some language that will clear up the ambiguity.

Ms Batiste pointed out that in the packet, you will see a draft Assumption Agreement. That Assumption Agreement is just an agreement that would be signed off by the Orleans Levee District, which is managed by the Southeast East Authority and this Management Authority. The Assumption Agreement basically says is that this Authority knows what their obligations are and this Authority will abide by those obligations.

Ms Batiste reference material and pointed out in that packet, the first letter is an Assumption Agreement that she drafted and put language in there that she thought would make Mr. Velayos feel comfortable. Mr. Velayos said

he didn't mind if you signed this Agreement. This is between this Authority and the Southeast East Authority, whether or not to sign it. Mr. Velayos felt that this was language he agreed with but he was not going to sign it. As you see, the Agreement doesn't require Mr. Velayos' signature. All it does is gives him some assurances that these Assurances will take place. Ms Batiste stated that there is a document that this Authority will probably have to sign; which is the co-sponsorship agreement. The Division of Administration was the co-sponsor for all of the grants and then this Authority will be taking the place of Division of Administration. We have not seen that agreement yet.

Chairman Lupo advised Ms. Batiste that when she is to the point of having the drafted agreement that the Legal Committee will review and make a recommendation to the full Board.

Ms. Batiste agreed and stated that she didn't think it's going to affect the way this Authority operates or changes any decisions that you make.

Commissioner Saizan stated that he is familiar with the regulations and his main goal is to get the Airport up and running by 2013, if not sooner. Also the Airport is operating at 60% today.

Commissioner Saizan further stated that he had spoken with one of the general managers of the big four hotels downtown. There is a whole list of events that are going to be held here in 2011 and 2012 leading up to the Superbowl. Many sporting and entertainment events use Lakefront Airport to get into and out of the City. Commissioner Saizan's main interest is getting the Airport back up to full capacity and adherence with FAA regulations. The airport is beautiful on the outside and work needs to be done on the inside. Commissioner Saizan stated that it is his understanding that there may be a shortage of funding to complete the interior.

Chairman Lupo stated that our goal is to get the Airport up and running by those dates and in accordance with the FAA regulations.

Commissioner Ernst stated that the letter sent from Mr. Velayos in July seemed to be primarily concerned about the sale of property. Commissioner Ernst suggested if it would satisfy Mr. Velayos, maybe the language in the legislation could be amended to say that the Airport would not be included within our authority to alienate property. Commissioner was sure that we could craft some language to meet his concerns. Ms. Batiste agreed and offered to assist.

Chairman Lupo thanked Ms. Batiste and asked for comments from the members and from the audience. There were none and that concluded the presentation by Ms. Batiste.

**a. GERRY GILLEN, OLD DIRECTOR – SEWER LINE
RELOCATION:**

Mr. Gillen stated that at the SELFPA-E Operations and Maintenance Committee meeting an item on the Agenda dealt with relocation of the east utility pipeline and main sewer line. Several months back they met with the

Corps regarding this relocation because the Corps was trying to encourage all owners to get their utilities out from underneath the levees and to bring everything over the top. The current utility lines run under the railroad track and under the pre-existing levee. The pipeline has been there a long time and is in really bad shape. The Corps estimated the relocation cost to be between \$800,000 to \$1 million. A pump system would need to be installed to pump the sewerage to the west side of the Airport. The Flood Authority had issues with the amount of money and presented the Corps another option. The current improvements in the levee in that area call for driving a steel sheet piles down the line of the levee and they will be raising the levee 2-3 feet at that point. The current plans cannot drive the sheet through the sewer or we will be in really bad shape. Mike Shuman an Engineer with AE Com has been contracted. Our proposal is to directionally drill another parallel pipe next to the existing pipe. Mr. Gillen believes that the sewer line is in such bad shape to begin with that the pressure of the injection grout may cause that line to fail.. So that's why we went through this process and investigated to see what we can do. We ask for prices on the parallel line and it came in twice as much, we are up to \$330,000.00 for this line. My Operations and Maintenance Committee asked that I just come in and present this to you. We are going to investigate that in the next two weeks. If that looks advantageous we will come back to your Airport Committee and make the presentations. If not, we may go with this project and have this awarded at our Board meeting in two weeks. I just wanted to introduce myself. Mr. Gillen explained that the use of "We" means the Southeast Louisiana Flood Protection Authority - East. However, it is a Non-Flood Asset line and to keep the project going we want to go forward and not hold up the Corps project. We are willing to go ahead fund the project and keep it going but we will have to debate as to who is responsible to pay for it. That concluded Mr. Gillen's presentation.

Mr. Capo stated that he sent an e-mail to the Army Corps requesting that they have a representative at the next full board meeting to discuss all of the projects and how they affect the Non-Flood properties and the associated time lines.

Chairman Lupo stated he would also like to have a presentation on where these FEMA projects stand and Mr. Capo agreed.

COMMITTEE REPORTS:

There were none.

PUBLIC COMMENT:

Mr. Capo called upon Mr. Jim Robinson, owner of FlightLine First, who wanted to speak on the Aero Premier settlement.

Mr. Robinson asked Chairman Lupo if he could get a copy of the Agreement and Chairman Lupo stated that it is public record and asked the Authority's consent to go out of order and go to the agenda item regarding the AeroPremier settlement. The members agreed.

Chairman Lupo asked Mr. Capo to give his presentation and stated that he has some comments then he will open it to the floor.

Mr. Capo stated to the Chairman and Committee members that this is Motion No. 02-100710 and this Motion is to acknowledge the Settlement Agreement that was approved by the Division Administration, State of Louisiana, and to authorize the Executive Director for the Non-Flood Asset Management Authority to execute the Settlement between the OLD and AeroPremier Jet Center. Along with the Resolution, I have a letter that was sent to me by Mr. Jerry Jones, Assistant Commissioner of the Division of Administration. Mr. Jones granted me permission to read his letter into the record. Mr. Capo asked Chairman Lupo if he would like to have Mr. Jones' letter read in full into the record.

Chairman Lupo responded yes and stated he wanted the Resolution read into the record as well.

Mr. Capo began by Reading Mr. Jones' letter.

The letter is addressed to Mr. Louis Capo, Non-Flood Asset Division of the Orleans Levee District.

This letter comes to you in response to your request regarding my participation in and approval of the settlement agreement to resolve the litigation filed by AeroPremier Jet Center, L.L.C., against the Orleans Levee District.

As you are aware, I was appointed by the Commissioner of the Division of Administration to manage the Orleans Levee District Non-Flood Assets Division starting in 2008. In this capacity, I was charged with the responsibility to make all major decisions on issues involving the District, including the settlement of litigation involving the District.

One of the major cases settled with my approval was the lawsuit filed by AeroPremier Jet Center, L.L.C., which operates an FBO at the New Orleans Lakefront Airport. In early August, mediation was held on this litigation. The mediation resulted in a final settlement of all claims between the parties. After considering all relevant issues and claims, and upon the recommendation of the District's counsel, I approved the settlement and your execution of a written settlement agreement prepared during the mediation. My approval of this settlement was based on my opinion that the settlement was in the best interest of the District and to put an end to vexing and expensive litigation that was interfering with the recovery and development of the New Orleans Lakefront Airport.

If you need anything else from me on this matter, please let me know.

Sincerely,
Jerry W. Jones
Assistant Commissioner

Chairman Lupo advised that before Mr. Capo reads the Resolution, I want everybody to understand what that letter meant. Chairman Lupo stated that he and certain Authority members were made aware of this by other tenants from the Airport, and that they had some real problems with this final agreement. Chairman Lupo met personally with one of FBO's out there and asked them to explain what their perspective was on this. At that time, I did not know that this was a done deal. At that time, I thought this Authority was going to be involved in the negotiations with AeroPremier on this issue. I did not have any idea that this issue had already gone to mediation with a judge and that this was, in all,, a done deal. Mr. Jerry Jones, who was basically the head of this authority as it is now, had already agreed to this and had given out the orders that this was to be the agreement. We have submitted this to the Federal Aviation Administration for their review. In this agreement it says that the FAA has the final say so on whether this is to be ratified or not.

Mr. Capo responded that this is correct and if the FAA does not approve then this it goes back to mediation.

Chairman Lupo stated he wanted to make sure the Authority understood it in layman's terms because this is a very complex situation and then instructed Mr. Capo to read the Resolution.

Resolution 02-100710:

WHEREAS, AeroPremier Jet Center, L.L.C. ("AeroPremier") and the Orleans Levee District, Division of Non-Flood Assets ("OLD") are parties to a lease dated April, 2008 ("Lease") pertaining to certain property at the New Orleans Lakefront Airport ("Airport");

WHEREAS, AeroPremier, a Fixed Based Operator ("FBO") at the New Orleans Lakefront Airport filed a petition in the Civil District Court for the Parish of Orleans, entitled *AeroPremier Jet Center, L.L.C. v. Board of Commissioners, et al*, No. 09-8632 (the "Lawsuit");

WHEREAS, in the Lawsuit, AeroPremier asserted claims against OLD for breach of the Lease, including, with respect to the Building 101/National Guard Hangar complex ("Building 101"), the OLD's failure to timely repair Building 101, alleged breaches of the FAA Sponsor Assurances, and other contract breaches;

WHEREAS, in the Lawsuit AeroPremier alleged that the OLD's failure to timely complete the Lessor's Repair Obligation resulted in AeroPremier not having a presentable FBO customer area; which led to a competitive disadvantage relative to other FBOs, including the direct loss of customers;

WHEREAS, in the Lawsuit AeroPremier alleged that the OLD, through the Airport's Director of Aviation, provided material and unjustified advantages to other FBO's at the Airport which placed AeroPremier at a commercial disadvantage to such other FBOs and which lead to lost revenues and other losses.

WHEREAS, OLD duly answered the Lawsuit and denied any and all liabilities in the premises and OLD also filed a reconventional demand against AeroPremier for past due rent, insurance and utility charges as well as other sums due pursuant to the Lease, which was duly answered by AeroPremier, who denied any and all liabilities in the premises;

WHEREAS, Advantage Capital Partnership XI, L.P. and Advantage Capital Partnership VI, L.P. (collective "Advantage"), as an investor and partner in AeroPremier, intervened in the lawsuit, claiming causes of action of negligent misrepresentation and detrimental reliance against the OLD. The Intervention of Advantage together with the Petition filed by AeroPremier are hereinafter collectively referred to as the "Lawsuit";

WHEREAS, OLD duly answered the intervention of Advantage and denied any and all liabilities in the premises;

WHEREAS, the District Court granted partial summary judgment to AeroPremier, finding that the OLD breached the Lessor's Repair Obligation, and reserving the issue of damages caused by that breach;

WHEREAS, on August 11, 2010, the parties participated in a mediation under the guidance of retired Louisiana state judge Michael E. Ponder; and; WHEREAS, a settlement agreement was reached as a result of the mediation which agreement was approved by Mr. Jerry Jones of the State of Louisiana, Division of Administration and has now been reduced to writing.

BE IT HEREBY RESOLVED, that the Executive Director is hereby authorized to sign the Mutual Receipt, Release and Indemnification Agreement.

Chairman Lupo called for a Motion to discuss the Resolution, and seconded by Commissioner Saizan. All agreed and floor was open for public comment.

Chairman Lupo commented that Mr. Jim Robinson is the owner and operator of FlightLine First one of our premier FBOs on the Airport who has made a substantial investment in time, money and energy to help bring back the Airport since the storm.

Mr. Robinson began by thanking the Committee and Chairman for the opportunity to address the Authority. Mr. Robinson began by stating that he hated to be the bearer of bad tidings but this lawsuit is a long way from being over. In the first place, it should have been filed in federal court. However, the FAA is the agency that has a system in place to deal with disputes or problems between Airports and their tenants, generally known as FBOs or Fixed Based Operators and their administrative procedures. It starts with a Part 13, which is an informal complaint that you file at the regional office, in this case Fort Worth, Texas. The man whose name you have heard mentioned, Mr. Andy Velayos, is the manager of that office. If you are not able to get satisfaction with your disagreement in the informal procedure, your next step is to go to Washington to the FAA and file a Part 16, formal complaint. Then it is a lot more serious. The FAA has subpoena powers and they will investigate this. I feel like this settlement, which was

negotiated by Mr. Capo under the authority of Mr. Jones, is grossly disproportionate to the damage that AeroPremier suffered. I don't dispute that the Airport defaulted on a paragraph or clause in their lease, they were under that clause required to complete certain improvements by a particular date and the Airport did not do that. I think the reason that happened was that the Airport was expecting some FEMA funds and those funds were diverted elsewhere so they had no money so they could not do the work. I am sympathetic to that and I understand that. However, I guess that is what lawyers call a tort, AeroPremier did suffer damage but as I listened to the Resolution, my business spent 22 months operating out of a trailer and that did not seem to have much impact when we moved into our new facility which we had spent in excess of one million dollars on. There was no large increase in revenue or customers. The fact is, at Lakefront Airport there is only going to be x number of planes that land there and y gallons of gas pumped unless there is some serious marketing or advertising to increase that volume. Basically, we are in the gas station business and it is split up between three competitors. We started our business in the trailer and that lasted for 22 months. The other competitor out there is Odyssey, formerly known as Millionaire, and was in a trailer for over four years. They are the largest operator at the Airport. They have been there the longest. They moved out of their trailer and I happen to know the owner and was talking to him and strangely enough moving out of the trailer and into a permanent facility does not increase your business, it decreases your bottom line because your overhead goes up. That is not logical for some people. I heard about this settlement agreement, I've never have seen it. I know that part of it is that AeroPremier is granted a \$100,000 a year rent abatement for five years. The way the FAA operates is complicated.

Chairman Lupo interjected that he did not think anybody here wanted to litigate this. I think everything you have said so far is very to the point and I think we all understand it.

Mr. Robinson went on to say that he was not trying to litigate it, I'm trying to bring you up to speed.

Chairman Lupo further stated he wanted Mr. Robinson to know that this Authority is not in the position, fortunately or unfortunately, to weigh the arguments. It has been done before this authority which was very disappointing to me. Chairman Lupo asked Mr. Robinson to continue with his remarks

Mr. Robinson stated that he knows a lot of people are not familiar with it. The agency is part of the Department of Transportation. Some of its statutes are promulgated through the Department of Transportation and others through the agency itself. Basically, what we are talking about here is grant assurances, statutes of a sort, but they are called grant assurances. We all understand that if you take the government funding, then you play by their rules. When the Airport has continually received grants from the agency, I think very generously. The Airport is unsustainable without these grants so this settlement agreement I'm estimating is a blatant violation of at least one half dozen grant assurances. I am interested as to what the feedback from the agency would be after they read this settlement agreement. I am not a lawyer or a paralegal but God knows I spent enough time on this to be one.

One of the grant assurances that is very important to the Agency is rent abatement. It is absolutely forbidden under any circumstances whatsoever. The Agency is very interested in maintaining what I call a level playing field. The rental rates at the Airport which there are five different rates, there are rates for hangars, rates for offices, rates for rent space, rates for sod and I'm missing one. These rates are chiseled in stone. They can be corrected for inflation but they can't be changed. It has to be uniform level playing field. You can see by giving rent abatement to one operator that is a substantial advantage to that operator or a disadvantage to his competitors. There are serious flaws and the last thing I want to do is to start this Part 16 process.

I am interested in a lot more than making money at the Airport. I am pretty much retired and comfortable in my life and I have been fortunate in business. I am interested in trying to preserve Lakefront Airport as it is a unique Airport in the country. The City of New Orleans has something valuable. The terminal building itself is on the historic register and is a museum piece. We have spent well over a million dollars on our facility and tried to make it work with the terminal building architecturally. I think that would be the way to market or promote the Airport, when you come in and see these beautiful older buildings and palm trees. I have a vision, not so much for my business, but for the whole Airport. I don't want to get rich, I hate to say this but I am already rich. I want to do something that matters and I see this as a legacy.

Mr. Robinson stated that this settlement agreement poses an incredible burden on his business and also the other operator, Odyssey. I can't imagine that the agency would sign off on it. However, the only other option open to me is to file the Part 16 complaint in Washington, the absolutely last thing I want to do. It will hurt the Airport and that is the last thing I want to do. Until I read the settlement agreement, there is not much else I can say. Thank you for your time.

Chairman Lupo thanked Mr. Robinson and his family who have made a tremendous contribution at the Airport. I think we are all going to be in the position where we are waiting to see how the FAA responds to this mediation agreement. At this time, this authority is only in the position to grant the director the permission to sign this agreement that is already been agreed upon.

Commissioner Ernst questioned how we can go against something which has already been approved by the Division of Administration who had the authority before we had the authority.

Chairman Lupo stated that all we are being asked to do is to give authorization to our Director to act on what the Division of Administration has already agreed upon. He further stated that we are not approving the settlement at all; we are only giving authorization for a signature from our Director on something that was already agreed upon by the authority in place at the time.

Commissioner Ernst stated that we don't have the standing to go in and redo the agreement.

Mr. Robinson stated he was sorry but just to clarify this, the FAA, the federal government trumps everybody.

Mr. Robinson went on to say that these agreements --, even though they may be completely legal and above board in Louisiana, the FAA regulations and grant assurances trump everything and everybody. They have a tool kit that they can come down on you very hard. They can shut the Airport down, they can shut the tower down which is almost the same thing and they can dry up the grants. I don't know how many millions of dollars -- I'm not talking FEMA money, I'm talking about grants from the agency -- the airports received since Katrina. They can really put the hurt on you.

Mr. Robinson continued that this is why I don't want to open this can of worms, there is no way that it can do anything but hurt the Airport financially and reputation wise. He went on to state that we have all heard the term the punishment should fit the crime. On torts, I think the compensation should fit the injury. What we have here is compensation that is 50-100 times greater than the injury suffered by AeroPremier. They say that the Airport has not preformed, has defaulted and has not done the build-out and has cost them hundreds of thousands of dollars worth of profit. That is just incredulous.

Anyone who knows anything about the Airports is real simple to figure out. You know how many gallons you buy and you know how many gallons you sell, you know what the margin is. They would not make that much profit out there in ten years. I have no objection and I think they should be compensated. What they are asking for, ½ million dollars worth of rent abatement, is money that goes to the Airport. I don't know how much they have withheld in rate, flowage fees, which are pretty substantial, and insurance since this litigation started. We have had some attorneys work on this and the closest figure we came up with was \$700,000 and change. That figure continues to accrue and this is rent and flowage fees. This is money that the Airport has not received. I see this as a million and a half dollar gift to AeroPremier of the Airport's money. The Airport, as beautiful as it is and the potential that it has, it was built in 1936 and it is falling apart. The drainage system, I enjoyed listening to the AECOM's presentation, there is a lot of work that needs to be done and we could get grants to do that.

Commissioner Hoffman raised the question about the settlement that was agreed to by the prior administration and why this Authority has to do anything in relation to the settlement. It would seem that Mr. Capo has already been given the authority to sign it under the previous administration.

Commissioner Ernst replied that Commissioner Hoffman asked a very good question and I wondered the same thing myself. Unless what we are being asked to do is merely ministerial, I don't think we have the ability to undo what was already done. That is a legally binding agreement.

Mr. Charles Curtis, attorney for the Orleans Levee District, agreed that yes it is a legally binding document, and it is subject to FAA approval. It is legally binding and it has to be signed.

Commissioner Ernst asked why this Board has to authorize the Executive Director to sign it if it is already legally binding and it has already been agreed to by the previous administration. Why doesn't he already have that authority to sign it?

Mr. Curtis responded that Mr. Capo had the authority from Mr. Jones but Mr. Jones is no longer in the position to grant him the authority to sign it. This Authority is the only body in the position to grant such authority.

Commissioner Heaton asked the question as to when the agreement was reached.

Mr. Curtis replied that the agreement was reached on August 11, but had to be reduced to writing and that was contentious. The verbiage was contentious. It has taken this long. In the meantime, you became impaneled.

Commissioner Ernst commented on whether the mediation procedure was the correct one or not. Commissioner Ernst asked if AeroPremier had to present certain evidence that they had some injury.

Mr. Curtis stated yes.

Commissioner Ernst asked if the retired state judge that was the mediator and did he take the evidence into consideration.

Mr. Curtis responded yes and Mr. Jones was at the mediation and he took all of this in also.

Commissioner Ernst stated that there may be some evidence that we don't know about that occurred and were taken into consideration at the mediation and that is why the decision was reached.

Mr. Curtis responded that there was a lot of information. Also, Mr. Robinson gave one side but there are actually five sides to this. There is the Levee District's side, Mr. Robinson's side, AeroPremier's side, there is Advantage Capital's side that invested in AeroPremier and then, of course, there is the FAA. Those are the parties involved. In the mediation room was the Levee District, Advantage Capital and AeroPremier. We made this subject to FAA approval. We are in the process of presenting everything to Mr. Velayos, who I understand is going to present it to the FAA attorneys in Washington. It is going to be up to them and if they reject it then we are back at square one. If they approve it, then it is a done deal.

Commissioner Ernst recommended that Mr. Capo add language to the resolution that spells out the fact that this authority is not basing its vote on any of the facts or the actual agreement that we are just acting upon our legal counsel's comments that we need to approve the Director signing the agreement. We are not judging this on anything other than we are directed by the past administration to direct our Director to sign this.

Chairman Lupo ask if we have another option, and what would happen if we did not authorize the Director to sign it tonight?

Mr. Curtis replied that AeroPremier has made certain comments that they were going to rule us into court to force the Authority to give Mr. Capo the authority to sign it. I advised them to wait until tonight and see what action the Authority takes because we were going to meet and talk about this tonight. Tomorrow I am going to talk to their counsel and tell him if you have given Mr. Capo the authority or not. They have made certain comments that the longer this is delayed the worse financial position they are in. They have made some very pointed comments that if this does not happen and they are precluded from getting loans or additional funding, they can very well go out of business at which point we would have increased liability.

Chairman Lupo asked if the Authority has the ability to reject the settlement agreement.

Mr. Curtis replied no and that is not on the table at all. At this point, the only entity that can do that is the FAA.

Commissioner Baudy stated that she understood what Mr. Robinson stated before but we really don't have any decision other than to grant the authority to sign the agreement. If the FAA does not agree then they will handle it, so why not just sign the agreement.

Mr. Curtis replied that his recommendation is to have Mr. Capo sign the agreement because some time has passed and frankly it was not a surprise but it was an unusual situation that the Division of Administration approved this. We start reducing it to writing and that takes some time, particularly in a contentious matter. Then the Authority becomes impaneled. Now Mr. Capo does not have authority any longer from the Division of Administration. They are gone. So Mr. Capo would have to sign this on his own without any written authority so to speak except for what Mr. Jones had said before.

Commissioner Dufrechou commented that everything Mr. Curtis has proposed is exactly the right way to do it. This authority was put together for transparency. What we are asked to do tonight, while it might be the best thing to do, many of us are being hit with for the first time and it is extremely hard for me to make a decision. He was not at all comfortable with a yea or a nay on this. He doesn't mean to be contrary, but just approve it with this degree of information for myself; he couldn't do it in good conscience.

Mr. Curtis responded that you are not being asked to approve anything at all.

Commissioner Dufrechou responded that we are being asked to concur with one million dollars of credits for a FBO and that seems, while it is probably the best thing to do, it seems like it is giving one FBO an advantage over the others.

Commissioner Saizan stated that the problem is that this Authority does not have the authority to reopen the negotiations on this matter. The FAA is going to say whether it is going to work or not. As it relates to transparency, I agree with you, and would like everything to be transparent too. But

mediation sometimes can't be if it is highly contentious and there are a lot of sides. He was going to assume knowing Jerry Jones who was involved here before in the Division of Administration and the fact there was a state judge involved, that they took everything into consideration. Mr. Curtis was there, and they took everything into consideration. All we are doing is giving Mr. Capo the authority to sign it. All of this predates us. If this had happened on our watch it might be a little bit different, but it didn't.

Commissioner Saizan asked Mr. Robinson if the three FBOs out there, Odyssey/ Millionaire and Mr. Robinson's operation had rebuilt and if they were still in trailers.

Mr. Robinson responded that was correct, and two of them had rebuilt.

Commissioner Ernst asked if AeroPremier is in the process of being rebuilt.

Mr. Curtis stated that the major problem for the lawsuit was that the Levee District was supposed to have done this. So AeroPremier is still in a trailer.

Commissioner Saizan stated that we didn't do this the Division of Administration did it. All we are doing tonight is giving Mr. Capo the authority to sign it. Let it go to the FAA and they will decide.

Commissioner Dufrechou then asked if the Authority would be asked to do this again and if this is setting a precedent.

Commissioner Saizan replied that he doubted it because we are going to be involved in everything that happens from now on.

Mr. Curtis also responded that there are no other situations like this and there is nothing else that the Division of Administration did that we are going to have to come before you to ask for.

Commissioner Dufrechou questioned if the other FBOs on the field are going to come back at this Authority because we did this tonight, and asked if we are going to be sued by other FBOs because of this.

Mr. Curtis responded that FlightLine has already indicated that they don't like the agreement.

Commissioner Ernst stated that speaking from the point of view of an attorney. Most of the personal injury and property damage situations in mediation where the parties voluntarily agree to settle the case; once that agreement is made at the mediation, it can be enforced in court. Even if we did nothing tonight, I think that AeroPremier would be able to go to court tomorrow and enforce the settlement agreement because it was reached voluntarily among the parties. We may not like it and I see this as more of an ministerial act that we should make clear in the Resolution. We are not condoning or approving of what was done because we don't have the information. I completely agree with you. I would love to have more information. Maybe we would not have agreed to this settlement. But it has already been done and I think there is nothing we can do about it at this

point based on what we are being told by Mr. Curtis and my own understanding of how mediations work

Mr. Capo stated that this was exactly what Mr. Jones was attempting to do when we mediated in August. He did not want this Authority to inherit this major litigation. Mr. Jones' authority ended when this Authority was seated. I have no one to give me the authority except this Management Authority.

Mr. Brayton Matthews, General Manager of FlightLine, stated that as was mentioned earlier, I personally would not want to sign any document that I have not read. It has been mentioned that favoritism was shown to us by Mr. Randy Taylor. I don't know what that favoritism is. It was never brought to our attention nor has anyone ever questioned us as to what Mr. Taylor or anyone else at the Airport did to give FlightLine an economic advantage over the other FBOs. We have asked on many occasions could we see the process that had taken place. We believe that this was a process between the State of Louisiana and one of its tenants and that it should be a process that would be done in the light of day and we never had that opportunity. Mr. Matthews further stated that whatever is decided with this, we think that everyone here should not only what the terms of the settlement are which we still do not know and that it can have a tremendous negative economic impact on the entire Airport. Any damages that anyone has alleged should be proven properly in the light of day, and ask that the Authority take these things into consideration.

Mr. Matthews further stated that Mr. Robinson and I certainly have an intent interest in the profitability of our own business, but we are also very concerned about the future of the New Orleans Lakefront Airport. There are many problems at issue. There are many problems at that Airport that need to be addressed, of which this is only one of many. As this Board develops and the time comes up we certainly want to work with the Authority to make the Airport a successful venture for all of the FBOs and tenants that are out there. Thank you Mr. Chairman, that's all I wanted to say.

Commissioner Ernst asked what would happen if we did nothing, if we took no action tonight to authorize Mr. Capo to sign the agreement.

Mr. Curtis replied that if no action was taken, in all likelihood, AeroPremier would file a motion in court to have the settlement enforced and the judge would do so. The judge would agree to have the settlement enforced.

Commissioner Saizan stated that problem he had understanding all of this is that we are debating something that has been mediated by the Division of Administration and presided over by a retired state judge. All Mr. Capo is given the authority to sign. . Commissioner Saizan further stated that it is a tough decision to make the first time out, but I have to believe that the Division of Administration, at the time they made this agreement, had the best interest of the Airport in mind or getting the Airport back up and running. You were in the room. All of the other parties that had to be in the room because they were going to be injured were in the room. I'm at the point that I think we are debating something that has already been decided.

Chairman Ernst stated that it appears there is nothing we can do about it. From my point of view, if we did not authorize Mr. Capo to sign this agreement tonight then they are going to go back into court and we are just going to be spending more attorneys' fees to respond to our inaction.

Commissioner Saizan then called for an amendment to the Resolution and Commissioner Ernst agreed.

Commissioner Heaton responded that she was going to be respectful of the very tedious and complicated process. I am going to be respectful of decisions made by folks who went through it all. That same Division of Administration was very supportive of creating this Authority, so I just want to be known. Commissioner Heaton then asked if the Division of Administration took into consideration the consequences of these actions in the future of the Airport operations and operators.

Mr. Curtis stated that he specifically spoke to them about it, and that was the specific reason why FAA approval is required.

Commissioner Heaton suggested that maybe the Preamble needs to include more history.

Commissioner Heaton suggested that we authorize Commissioner Ernst to work with the Chairman to get the appropriate language in. Something to the effect explains that the Division of Administration was part of the mediation.. We understand what we are up against tonight but for someone to read this resolution five years from now may not fully appreciate the gravity of it.

Commissioner Ernst made a motion to add language to the settlement agreement regarding the Board taking no position on the merits of the mediation, and does not concur or recommend approval of the settlement.

Commissioner Saizan seconded the motion.

Chairman Lupo asked for discussion and then the vote on the amendment and upon hearing no objection, the amendment passed.

Chairman Lupo then called for the vote on the Resolution as amended.

Hearing an objection, Chairman Lupo then requested a roll call vote.

Commissioner Dufrechou	Abstained
Commissioner Saizan	Yes
Commissioner Ernst	Yes
Commissioner Bridges	Yes
Chairman Lupo	Yes
Commissioner Baudy	Yes
Commissioner Brien	Yes
Commissioner Hoffman	Yes
Commissioner Heaton	Yes

The resolution as amended passed.

Chairman Lupo then addressed Mr. Robinson for his enlightenment to this Authority. It is a very complex issue as you can tell. This Authority is not comfortable having to act at all on something we really don't know much about other than bits and pieces of information and we hope that this comes out to the benefit of the Airport as a whole. Thank you.

Mr. Capo advised that we have two more public comments and called upon Ms. Dawn Hebert, Lake Willow Homeowners Association, Board Member Selection

Ms. Dawn Hebert asked how the members of this Authority selected are and whether it is by community or expertise or some other means.

Chairman Lupo responded that this was done by legislation in Baton Rouge. They said which particular elected officials would have appointments and which particular community organizations have appointments to this commission.

Commissioner Saizan responded that the vast majority of the people here live in the subdivisions along the lakefront or close by.

Ms. Hebert asked why New Orleans East doesn't have more representatives on the Authority. We were hoping to have more representation because in reality we are closest to the Airport. The Airport is in New Orleans East and the Pontilly neighborhood -- is closest to everyone else from Franklin to the East. So I am wondering what we can do as a community to get more representation on the Authority. If the Airport is going to be a success as we all want it to be, it will increase flights coming to our area. I don't know what the flight plan is but it will affect us.

Commissioner Saizan responded that it is not just the Airport that the east should be involved in but it is the entire lakefront area. The Lakefront is important. A lot of people use the Lakefront area. Commissioner Saizan also stated he was at a meeting that Mayor Landrieu attended in District D and the question about the re-opening of Lakeshore Drive was ask. That is very important to people who live in District D, in Gentilly and along the Lakefront and in New Orleans East. That is one of the main things here and we know how important it was for recreational purposes.

Commissioner Saizan asked Mr. Capo if he has been working with the Corps and FEMA to try to get the lights turned back on.

Mr. Capo confirmed this and stated that we should have some good news when the Corps comes to give a presentation to the full boards.

Ms. Hebert asked about the section along Lakeshore Drive where the road is closed and it appears that property owners have extra property behind them.

Mr. Capo asked and confirmed that the section of roadway that Ms. Hebert referenced is known as Lake Terrace Parkway and that section has been closed since the mid-1980.

Mr. Capo stated that it is his understanding that the problem was crime problem because it was so isolated in that area at night. This goes back to the Orleans Levee District Board in the 80's.

Ms. Hebert ask when will the entire Lakeshore Dr be opened and citizens be able to drive along Lakeshore Drive from the Ted Hickey to West end.

Mr. Capo stated that the Corps has two new projects that will begin shortly, and will impact driving along lakeshore for another 8-12 months. One project is the installation of a flood gate at Rail Street and Lakeshore Dr. and the other is a flood gate at Pratt Dr. and Lakeshore Dr. These projects will interrupt the flow of traffic on Lakeshore Drive for a number of months.

Commissioner Saizan predicted not this summer but maybe next fall.

Commissioner Saizan went on to ask if the shelters had been rebuilt.

Mr. Capo responded that the shelters were completed but were still without utilities and water. Further, we still need to rebuild Shelter House #3 that was demolished by the corps and we will bring this item to the appropriate committee for discussion.

Chairman Lupo expressed his gratitude for Ms. Hebert attending the board meeting. Most importantly, I am hoping you can go back to the community and apply some pressure so we can get the right amount of money to maintain the 5 ½ mile long state park, because that's really what that is.

Ms. Hebert responded that she can't do that without some representation on this Board.

Chairman Lupo noted that Commissioner Baudy is the representative from the East and suggested to Ms. Hebert to get her association to call the mayor's office, her state representative, or state senator, there are still empty appointments on this board.

Chairman Lupo went on to say that the only way this Authority can do what is right for the whole community is for the community to get involved because we are going to have some very tough decisions to make.

Mr. Capo stated that we have still one public comment left and called Mr. Octave Rainey.

Mr. Rainey began by thanking the commissioner for the opportunity to address the board. Mr. Rainey concurred with Ms Hebert about the area that is closed behind the homes on Lakeshore Dr. He understood the issue of crime but didn't see any reason why that area can't be opened from 7am to 8 o'clock during the summertime. Then you could put the barricades back up.

My tax money went to pay for that land and now it is only being utilized by a certain few people in the city.

Chairman Lupo advised that we have a good group of committees in place. Our Police Chief is here tonight and we will make sure you are notified of dates for our Police Committee. You are welcomed to make your presentation to the Police Committee because this was a recommendation of the Police Department in the 80's.

Mr. Rainey went on to question when the Seabrook Boat Launch will be completed and the estimated date for completion.

Mr. Capo stated that he did not have a date on that but he has requested that the corps attend our next meeting

Mr. Capo advised that in the next week or two the Inner Harbor Navigational Canal will be totally closed to marine traffic.

Mr. Rainey then asked when will there be two-way traffic on Lakeshore Drive.

Chairman Lupo stated that is a great question for our police chief and he can give you the history behind that the traffic issue.

Mr. Rainey thanked the Board and that concluded his comments. .

Mr. Capo advised that we have one resolution left and it pertains to the selection of the official journal.

Mr. Capo stated that LA Revised Statute 43:171 provides that the Levee Districts and other political subdivisions must have their proceedings and their financial information published in an official journal in the local community. We have in the past used the Time Picayune as our official journal. There are certain criteria that the official journal has to meet and the Times Picayune meets that criteria.

Be it hereby resolved that the Times Picayune is hereby selected as the official journal for publications as required under RS 43:171 for the Non-Flood Asset Management Authority commencing on October 7, 2010 and be it further resolved that the Chairman or Executive Director be authorized to sign any and all documents necessary to accomplish the above.

Motion made by Commissioner Heaton, and seconded by Commissioner Saizan.

Chairman Lupo called for the discussion.

Commissioner Heaton explained that this is a housekeeping matter, and is required because of the changeover.

Chairman Lupo called for the vote and hearing no objection the motion passed.

MOTION 01-100710

RESOLUTION

WHEREAS, R.S. 43:171 provides that levee districts and other political subdivisions shall have the proceedings of their board and such financial statements required by the legislative auditor published in a newspaper, which shall be selected at the first meeting in June of each year for a term of one year; and

WHEREAS, R.S. 43:171 further provides that the newspaper shall meet certain criteria relative to location and publication; and

WHEREAS, Act 1014 of the 2010 Louisiana Legislature Session, created and designated the Non-Flood Asset Management Authority as the successor to the Division of Administration (DOA) for management and control of all non-flood assets,

WHEREAS, the Times Picayune meets the aforementioned criteria for the Non-Flood Asset Management Authority; and

BE IT HEREBY RESOLVED, that the Times Picayune is hereby selected as the Official Journal for publications as required under R.S. 43:171 for the Non-Flood Asset Management Authority commencing on October 7th, 2010.

BE IT FURTHER RESOLVED, that the Chairman or Executive Director be authorized to sign any and all documents necessary to accomplish the above.

YEAS: Dufrechou, Saizan, Ernst, Bridges, Lupo, Baudy, Brien, Hoffman, Heaton

NAYS:

ABSENT: Hassinger, Trask

RESOLUTION ADOPTED: YES

Commissioner Ernst stated that he has some recommended language for the Resolution that relates to the litigation on the Airport.

Chairman Ernst advised and read his suggested language;

WHEREAS in approving the Resolution the Non-Flood Asset Management Authority specifically does not endorse or approve the merits of the settlement agreement reached by the parties which occurred prior to the effective date of this authority's assumption of responsibility for management of the New Orleans Lakefront Airport.

The next board meeting date was set for November 18th at 6:00 P.M., and the committee meeting would be scheduled for the first week of November
Chairman Lupo asked for a motion to adjourn, the motion was made by Commissioner Saizan and seconded by Commissioner Ernst, there were no objections and the meeting adjourned at 7:55 P.M.