



**MINUTES OF THE BOARD MEETING  
OF THE  
INDUSTRIAL DEVELOPMENT BOARD  
OF THE  
CITY OF NEW ORLEANS, LA, INC.**

**JANUARY 19, 2010 AT 12:30 P.M.  
10<sup>TH</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Justine T. Augustine	Ronald G. Baptiste, Jr.	Farrell J. Chatelain, Jr.
Walter C. Flower III	Dr. Ronald J. French	Susan P. Good
Glenda Jones-Harris	Helen LeBourgeois	Alan H. Philipson
Darrel J. Saizan, Jr	Edwin M. Shorty, Jr.	C. David Thompson

**Absent:**

James Paul Johnson	Allison P. Randolph, III
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**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese

**Guests:**

Mark. Wilson, OPCMIA  
Scott Murphy, Iron Workers  
Murray Nelson, Office of Congressman Joseph Cao  
Damon Burns, Morgan Keegan  
Brigid DeLoach, McCormack, Baron  
Damon Jeanpiere, Sr., Rock Enterprises Construction  
Charles Rattley, FriiPwr USA, Ltd.  
Bill Langkopp, GNO Hotel & Lodging Assn.  
Ernest Gethers, City of New Orleans, Dept of Economic Development  
Don Allison, Advantous Consulting  
Terri Franklin, Regions Bank  
Monika McKay, Columbia Residential  
Jeannie Tidy, Downtown Development District  
Richard Brent, FriiPwr USA, Ltd.  
Charles Rattley, FriiPwr USA, Ltd.  
Troy Franklin, FriiPwr USA, Ltd.  
Donald Mosely, FriiPwr USA, Ltd.  
B. J. Carson, Werner Co.  
Beth Zeigler, Hancock Bank  
Amber Seely, Renaissance Neighborhood Development Corp.  
Stanley McDaniel, McDaniel Group

Denis Milliner, Bank of New York  
Jay Arena, C-3 Hands Off Iberville  
Cody Marshall, C-3 Hands Off Iberville  
Carol Rocque, Securities Corp./Damon Rocque  
George Mahdi, Neighborhood Unity/Merge  
K. Osiris, TKOP  
Stephen Stuart, Bureau of Governmental Research

The meeting was called to order at 12:31PM by the President, Mr. Walter Flower. An introduction of all guests was had. After roll call, a quorum was confirmed. By a motion of Dr. Ronald French, and seconded by Mr. Alan Philipson, and with a unanimous vote of the board, the minutes of the December 15, 2009 meeting were approved.

### **FRII PWR USA, LTD. - \$4M GO BOND**

The President requested the representative of the FriiPwr project, Mr. Richard Brent to provide an overview of the project. He stated that the project was for the manufacturing of hydro-electric generation system that can serve as an alternative source of electricity. The system can store energy that can be sold, and it can change the energy grid making homeowners virtual power providers. It also can serve as a source of power for areas where distribution of power is not in place. Mr. Brent added that the proposal is for the manufacturing of the system; that currently the developer is located in Baltimore near a NASA facility. He envisions local hiring to be at approximately 80-90% with the potential of exporting local hires as the company grows. They are looking to put in place some 1,000 – 1,500 sales jobs not including that of skilled laborers who will work in the facility. He further advised that this is a start-up business and that he is the only principal with national and international advisors. The initial investment is a half-million dollars. In answer to a question by Mrs. Good, Mr. Brent informed the Board that in year two, as shown in Exhibit E, they seek to get \$150M from the Department of Energy as a grant.

Mr. Flower then asked the Board if it was ready to present a motion for preliminary approval. Dr. Ronald French asked what level of scrutiny or endorsement would be implied from the Board's vote in this instance. Mr. Ray Cornelius responded that granting preliminary approval does not suggest support but rather it gives the developer the opportunity to secure financing and time to clear up any deficiencies in the application. The grant of the PILOT program, however, is different. Mr. Flower added that if something is intrinsically not pleasing, the Board would talk about it. Mr. Cornelius continued stating the Board should act its conscious. By motion of Mr. Edwin Shorty and seconded by Mr. Ronald Baptiste, Jr., the board voted unanimously to grant preliminary approval to FriiPwr USA, Ltd.

### **CHATEAU CARRE**

Ms. Amber Seely, representative of Renaissance Neighborhood Development Corp., a subsidiary of the Volunteers of America, developer of the Chateau Carre, took the floor. She provided an overview of the project and its current status before the Board, advising she now brings the claw back language required by the Board for approval of the PILOT. Mr. Cornelius interjected that in this particular case, Wayne Neveu of Foley & Judell is serving as "bond" counsel and that Adams and Reese is serving as "issuer" counsel. Mr. Flower informed the Board that he has

witnessed countless emails between counsel to provide the claw back language with regard to first right to cash flow, hiring, material purchases, use of local contractors and the IDB's ability to audit. He asked that before there is discussion of the annual fee that first we should discuss the claw backs.

Mr. Cornelius reminded the Board that it approved the amount of the PILOT (\$35K first 5 years, \$40K second five years and \$45K the third five years of the 15-year PILOT). The challenge has been creating the language for the claw backs which are to include language covering a guaranty of increased payment for failure to meet the requirements, as well as language covering any revenue over and above that which was projected with the IDB being in first position. He stated that these issues cross over from the Chateau Carre to the New Savoy Phase II, adding that the Board indicated that it would like to treat these two matters the same. He added that in cases of non-performance, there would be a penalty of 1% of the developer's fees. He stated that he will do whatever the board wishes on these issues.

Ms. Seely then advised, in answer to a question concerning the rights to attach the cash flow, that provisions have been included in the language that would trigger an attachment in the case of more income being generated than projected with a third party review.

Mrs. Helen LeBourgeois asked if this was the only claw back to which Ms. Seely advised all others are also addressed. To be sure of what was stated, Mr. Koch asked if it was his understanding that the developer will stand behind any shortfalls in hiring, materials purchases – the claw backs. Mr. Cornelius then interjected that the IDB and the PILOT would be placed in priority position, adding that his recollection of the summary provided by Ms. Seely was accurate but is still subject to verification.

Mrs. Good asked if the language will be included in the Lease, as it hasn't been in the past. Mrs. LeBourgeois then asked if there was language related to the audit and how the language/reports would be presented to the Board. Mr. Baptiste stated the Board needed something in writing. Mr Cornelius advised that there are language issues on what has been presented thus far and, therefore, is still under review at this time. Ms. Seely added that RNDC is ready to go. Mr. Flower stated that the language of these claw backs must be approved by Mr. Cornelius. Mrs. Good asked if the claw back language related to the cash flow and additional PILOT payments would be in the full amount of the taxes that would otherwise be due. This question was echoed by Mr. Koch.

A motion was then offered by Mr. Koch and seconded by Mrs. LeBourgeois for approval of the PILOT and the associated claw back language which language is subject to the approval of Mr. Cornelius. Upon a vote of the Board, the motion passed unanimously.

#### **STANLEY MCDANIEL – STATUS UPDATE RE HIRING AUDIT**

Mr. Flower offered the floor Mr. McDaniel of the McDaniel Group for an update on the audit of the C. J. Peete and St. Bernard projects.

Mr. McDaniel presented a brief presentation, providing first an overview of the work that he was commissioned to perform in connection with the verification of local hiring and related wages,

material purchases and use of local contractors on the two aforementioned sites in an effort to measure the economic impact. He stated that he has had success in working with the developers, especially the C. J. Peete, in obtaining data and is still working on the wages, employment and purchase of materials.

Mr. Flower reported on a meeting in which he and Mr. Alan Philipson met with Mr. David Gilmore, the new HANO Administrative Receiver. The meeting was scheduled so that Mr. Gilmore would know that the Board felt that HANO was not being cooperative with material/document requests of Mr. McDaniel in connection with the audit nor were the developers or HANO understanding the importance of local hiring, etc. in the City's recovery process and the economic impact of the jobs involved in these two projects in particular. Mr. Gilmore was advised that jobs for skilled laborers and youth in the City are greatly needed and can be provided through these HANO job sites. After explaining the Board's position to Mr. Gilmore, he agreed and stated that he understood what was being requested; that he would commit to helping to raise the employment level and purchase of materials locally. Mr. Flower then deferred further comments to Mr. Philipson.

Mr. Philipson commented that he was pleased with the meeting with Mr. Gilmore and it was his impression that Mr. Gilmore was sincere in understanding the desires of the IDB 100%; that we put the past behind us to move forward with great momentum in light of Mr. Gilmore's commitment.

Mr. Flower added that on behalf of the IDB, they agreed to table the efforts on the hiring aspect of the audit; that Mr. Gilmore promised to have a report to the IDB by year's end; that Mr. Gilmore agreed in principal to maximizing the use of funds in the interest of the City. Discussions at that meeting included the possibility of jointly devising a mechanism that would cross-match position with youth and skilled laborer and that hopefully, the IDB will take lead in this effort; it is also hoped that HANO will get other businesses to tie into this concept to broaden the number of available jobs. This commitment could create a whole new culture. Mr. Saizan encouraged the concept and stated that he hoped to meet Mr. Gilmore, suggesting further other possible partners, e.g., National Assn. of Minority Contractors and the Urban League. Mrs. Good stated that the Union and AFL-CIO could also be added to the list of partners.

Mr. Flower then introduced Rev. Kahlil Osiris, a gentleman with whom he has been working and who is now working in New Orleans with the Recovery School District and an organization called "Cease Fire" an organization which has been funded by the City Council in the amount of \$250,000. This agency works with youth, guiding them from crime to working citizen. Mr. Osiris took the floor providing a history of the idle youth and its link to crime. He advised that he has been working with Mr. Flower and finds that there is an opportunity, through the IDB's efforts, to provide jobs to those who are qualified, interested in training in the construction field and who are drug free. The cross-match of youth and job opportunity is a great way to give back.

Mr. Flower then recognized Mr. Jay Arena of C3 Hands Off Iberville. Mr. Arena reported on the need for good jobs. From their monitoring and investigation of these sites, developers are not

hiring locals and guarantees are needed from the developers of these projects to hire locals. He stated that any agreement between the IDB and the developer needs “teeth” to be effective.

Mr. Flower thanked Mr. McDaniel for his report and thanked Messrs. Osiris and Arena for their input and overviews.

## **NEW BUSINESS**

### **ELECTIONS**

Mr. Flower then informed the board that yearly elections were due. Nominations were begun but were interrupted by a motion offered by Mr. C. David Thompson and seconded by Mr. Baptiste nominating for re-election all previous officers: Mr. Flower-President; Mrs. Jones-Harris-Vice President and Mrs. Good-Secretary/Treasurer. Discussions were held. By unanimous vote of the Board, all current officers were re-elected.

On another issue, catering of lunch, Mrs. Good reported that she had done some research since the last meeting for catering services. The non-profit organizations, Café Reconcile and Liberty's Kitchen train individuals in the culinary genre. . The IDB could offer an opportunity to these entities to service our catering needs for board meetings as they were a part of the community. After discussions, the board recommended that Ms. Martin compare the services of these companies in an alternating manner to determine their quality of service. Use would depend on these companies' abilities to service the IDB's needs in a timely manner.

### **OLD BUSINESS**

The board discussed the change of date for the February board meeting in light of the meeting date falling on Mardi Gras, Feb. 16. After discussion, the board voted to hold the February meeting on February 23, 2010. The meeting will be held at the offices of Adams and Reese.

### **FINANCIAL REPORT**

Mrs. Good presented the financial report, advising the members that a copy of the November and December 2009 financials were included in each Board member's folder. She emphatically recommended that each board member take the time to review the reports each month as part of their fiduciary responsibility.

She further advised that she has made it possible to get all bank statements on-line to facilitate the accountant and the office administrator.

She advised further that she checked the insurance coverage purchased by the IDB and that, in fact, no directors insurance was purchased. Ms. Martin reminded the Board that board insurance was unavailable to the IDB and the coverage, as explained by bond counsel, was through State statute. Mrs. Good requested Ms. Martin to have a copy of the state statute covering director's insurance be available for the next meeting.

## **OTHER BUSINESS**

Mr. Cornelius requested Board in-put on the formula for annual fees on projects that request a PILOT. He stated that currently the Board's policy is 1/10 of 1% of the "as built" appraisal provided by the developer. He suggested that in light of the "as built" appraisals coming in such low figures that maybe the Board may want to look at 1/10 of 1% of the project's cost. For instance:

### **New Savoy Phase II**

In this project, the cost would be \$30M. The "as built" appraisal provided had several values ranging from \$5.5M, \$6.3M and, upon recall, \$19M in LIHTC credits to the developer. He stated that the IDB should not be compelled to interpret the appraisals as are being submitted by the developers of late. If the fee is based on the cost, the formula would be much simpler. He suggested either 1/10 of 1% of the cost or 1/15 of 1% of the cost. In the case of the New Savoy II, the fee would be \$30K (1/10 of 1% of \$30M, the cost). Mr. Cornelius reminded the Board that he requested the developer to get an assessment from the assessor but has not received anything as of yet; that in "housing projects", the Board could honor the assessor's value.

Mr. McDaniel offered that an assessed value should be based, in cases of "housing", on the Income Capitalization approach.

After lengthy discussions by the Board, the President asked for a motion to modify the current fee schedule to reflect an annual fee formula of 1/10 of 1% of the project cost, less any infrastructure costs. By motion of Mr. Farrell Chatelain and seconded by Mrs. Jones-Harris, the Board voted unanimously to accept the formula for annual fees.

## **ADMINISTRATOR'S REPORT**

Ms. Martin informed the board that the Administrator's Report was included in their packets and stressed that reports from the C. J. Peete and the New Savoy on hiring and use of local contractors were also included in their folders.

The meeting was adjourned at 2:10 PM.

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Susan P. Good, Secretary Treasurer



**MINUTES OF THE BOARD MEETING  
OF THE  
INDUSTRIAL DEVELOPMENT BOARD  
OF THE  
CITY OF NEW ORLEANS, LA, INC.**

**APRIL 20, 2010 AT 12:30 P.M.  
10<sup>TH</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Justin T. Augustine III	Ronald G. Baptiste, Jr.	Walter C. Flower III
Dr. Ronald J. French	Farrell J. Chatelain, Jr.	Susan P. Good
John L. Koch	Helen LeBourgeois	Allison P. Randolph, III
Darrel J. Saizan, Jr	C. David Thompson	

**Absent:**

James Paul Johnson	Alan H. Philipson	Edwin M. Shorty, Jr.
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**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
David Wolf, Bond Counsel-Adams and Reese  
Ray Cornelius, Bond Counsel-Adams and Reese

**Guests:**

Cyril B. Saulny, Cadre' Business Solutions, LLC  
Mark W. Wilson, OPCMIA  
Keisha Honor, M&M Demo and Construction  
Mike Spears, M&M Demo and Construction  
Bill Langkopp  
Lorraine Washington  
Brooke Bacuettes, Transition New Orleans  
Paul Cordes, Guarisco & Cordes  
Rob Masson, WVUE  
Avis Landry, WVUE  
Cloyd Van Hook, Guarisco & Cordes  
Stephen Stuart, Bureau of Governmental Research  
Terri Franklin, Regions Bank  
Maurice a. Brown, Melvin Securities  
Rhonda Williams, 1st District Assessor  
Maria Julianna Auzenne, Auzenne & Associates, LLC  
Eric Strachan, Office of Councilmember Jackie Clarkson  
Jackie Clarkson, Vice President-Council at Large

Carol Rocque, Damon Rocque  
Jim Livingston, city Planning Commission  
Damon Burns, Morgan Keegan  
John Stockmeyer, Real Estate Tax Group, LLC  
Karl Kehoe, Real Estate Tax Group, LLC  
Forest Bradley Wright, Eco Park, LLC  
Stan McDaniel, McDaniel Group  
Ernest Gethers, City of New Orleans  
Mavis Early, GNO Hotel and Lodging Assn.  
Pharissa Dixon, Housing Authority of New Orleans  
Don Allison, Advantous Consulting

The meeting was called to order at 12:40PM by the President, Mr. Walter Flower. An introduction of all guests was had. Upon roll call, a quorum was confirmed. By a motion of Mr. C. David Thompson, and seconded by Mr. Justin Augustine, and with a unanimous vote of the board, the minutes of the March 16, 2010 meeting were approved.

### **ZELIA, LLC**

Mr. Flower deferred the matter to Mr. Ray Cornelius who provided the following PILOT proposal offered by the Zelia Team. 1) Years 1 - 5 a PILOT payment of \$215,000 per year, at which time he reminded the Board that a very large portion of the facility would be State occupied; 2) Years 6 - 11 (or the second 5-year term) \$215,000 per year until the revenue target of \$22M is reached at which time the PILOT would escalate to \$700K. (Mr. Cornelius pointed out that the developer could have secured a RTA (Restoration Tax Abatement) but instead sought a PILOT); and 3) the PILOT payment would remain at \$700K until such time that projected revenues reached \$25M at which time the payment would escalate to market rate subject to discussion of the Board.

The Board discussed the PILOT proposal and other suggested PILOT schedules. The Board discussed the factors involved with the \$22 revenue target which included the tower, parking, the entertainment district and contracted revenue. Mr. Cordes stated that once the entertainment district begins generating a profit based on its tenants, then Zelia will put up as much as 50% profit share once all costs were recovered. He also reminded the Board that the LSU Medical Clinic generates approximately \$129M a year in tenant revenue and this revenue base will end Feb. 2013, unless otherwise extended.

At this time, Council-at-Large, Vice President, Jackie Clarkson was recognized, who offered her support for the Zelia project, adding that its financial impact, futuristically is an investment for the Board to decide. This project, she stated, will be the catalyst for this corridor and its economic development goal, not to mention the jobs that will be created.

Board discussion ensued. The Board was reminded that the PILOT payments are tied to revenue based on the financing package which will have the most accurate revenue and financial information; and that the IDB will have the right to audit the books at the cost of the developer.

A second proposal was offered: 1st 5 years and the 2nd 5-years taxes would be set at \$215K per year; 3rd 5-year period would be at \$700 until the \$25M revenue target is reached at which time taxes would be at the full market rate.

A motion was offered by Dr. Ronald French and seconded by Mr. Baptiste that consisted of the following: 1st 5-year period a PILOT payment of \$21,5000; 2nd 5-year period \$700K if the revenue target of \$22M is reached; 3rd 5-year period of \$700K until such time that the revenue target of \$25M is reached at which time the PILOT payment goes to market rate. A vote of the board was taken result in the following: 6 Yeas, 3 Nays and 1 Recusal.

At this time, Mr. Randolph interjected that the Board asked for some semblance of a plan from the developer regarding their planned use of local small businesses and local hiring which plan would ensure the enjoyment of locals in this development. Mr. Cordes responded stating that he is still waiting on criteria from the IDB. The President then asked for a committee to work on the construction of the criteria which result in the following volunteers: Mr. Ronald Baptiste, Mr. Justin Augustine; Mr. Farrell Chatelain; Mrs. Helen LeBourgeois and Mr. Allison Randolph. Mr. Randolph agreed to chair the committee.

### **AUDITOR**

The President informed the Board that because the first Request for Proposal for Auditing Services (RFP) garnered two responses, a second, more streamlined, RFP was issued to the original seven or eight interested firms. Again, only two responses were received: One response from the Rigby firm for \$16,000 a year; and the other from Roth, Murphy which merged with Car Riggs for \$8500 a year. The term of the agreement would be for three years with a two-year option. The President then asked for approval by the Board of a selection of Roth Murphy as the IDB auditor. Mr. Cornelius, for clarity, asked if the Board's desires were to have a 3-year contract, terminal each year for cause or one with a 3-year term but which can be terminated by the Board for cause at any time. The Board opted for the latter.

By motion of Mr. Augustine and seconded by Mrs. LeBourgeois, the Board unanimously approved the auditing service proposal of Cr Riggs, formerly Roth Murphy.

Mr. Flower then offered an item not on the agenda. he introduced guest, Ms. Pharissa Dixon, who, he stated worked with Mr. David Gilmore, the Regional Commissioner of the Housing Authority of New Orleans. Mr. Flower reminded the Board the IDB's proposed job/skill match program is borne out of the audit being conducted on behalf of the Board by Mr. Stan McDaniel that dealt with the hiring at the C. J. Peete and St. Bernard projects. he then reminded the Board of its agreement to move towards setting up a job/sill match program on which project Ms. Dixon would be 3orking, that would bridge the gap by creating a data base through interactive projects. The Program would included email alerts (starting with the IDB PILOT projects involving HANO); provided access to opportunities at satellite locations both mobile and kiosks, as well as computer modules based on jobs and employee skills that are provided by the developer and the job seeker and, finally, the program would include both seasoned workers and youth.

Mr. Baptiste then interjected that JOB 1 does a similar program and the other is HOPE VI and that he has seen this being done through HANO. Ms. Dixon added that other agencies are charged with providing this information to the public. It was added that the IDB's involvement would be short-term in the program at this time. The attempt is to get the program in-place within the next 6 - 8 weeks.

Mr. Flower the informed the Board that the cost to set the program in place, after discussing with different consultants, was \$12,600; that the cost included on-going administration; training of people although there are hopes of getting volunteers involved; and, the IDB would commit the initial \$12,600. Ms. Helen LeBourgeois asked if there were any legal ramifications if the Board diverts its interests to something of this nature. Mr. Cornelius counseled that the IDB was spearheading this project; that the charges of the IDB have been expanded over the years broadening its economic development powers; he further stated that he thought it would be reasonable and that the IDB's involvement would be by virtue of a cooperative community endeavor agreement which the government and quasi-governmental agencies can collectively do. Assurances have been given by Mr. Gilmore of HANO's involvement. This would be an investment in the community and the IDB would serve as a catalyst in the effort. This effort can expand to other businesses other than those projects under the IDB's purview.

A committee was created to meet with Ms. Dixon to further discuss the job/skill match program. The committee consisted: Mr. Flower, Dr. Ronald French, Mr. Ronald Baptiste, Mr. Darrel Saizan and Ms. Sharon Martin, the IDB Administrator.

Mrs. Good then asked if it was necessary to offer a motion to amend the budget to approve the \$12,000 plus cost for the computer program. Mr. Cornelius suggested that when the bill is received for payment then a motion to amend the budget could be offered.

A motion was offered by Mrs. LeBourgeois and seconded by Dr. French, for the approval of an amount not to exceed \$12, 600 for the cost of the creation of a computer program, including program creation, administration, etc., subject to a Cooperative Endeavor Agreement between the IDB and HANO. By vote of the Board, the vote passed with 10 Yeas.

Ms. Dixon then thanked the Board for its support of the program and its involvement in the process.

### **FINANCIALS**

Mrs. Susan Good presented the financial statements for the month of March. She advised that the report would be changed to reflect a column showing the annual budget amount in the budget report. This correction will also be reflected in the January and February reports and all future reports ad of the March report.

### **ADMINISTRATOR'S REPORT**

Ms. Martin advised that a copy of the Administrator's Report was included in each member's folder. She then reminded the Board of the requirement to submit their Tier2.1 Personal Financial Report to the Louisiana Board of Ethics by May 15, a copy of which was also included in the Board folders.

Mr. Cornelius interjected that the Hyatt issue is encouraging at this time but that he was not at liberty to provide any details. he added that the developer and investor contributions have increased significantly. Mr. Flower added that the Hyatt parent company has now come into the process. Mr. Augustine asked that the Hyatt be reminded that the RTA is moving forward with its rail project along the Loyola corridor.

The meeting adjourned at 2:20PM.

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Susan P. Good, Secretary Treasurer



**MINUTES OF THE BOARD MEETING  
OF THE  
INDUSTRIAL DEVELOPMENT BOARD  
OF THE  
CITY OF NEW ORLEANS, LA, INC.**

**MARCH 16, 2010 AT 12:30 P.M.  
10<sup>TH</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

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John L. Koch	Helen LeBourgeois	Allison P. Randolph, III
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**Absent:**

James Paul Johnson	Alan H. Philipson	Edwin M. Shorty, Jr.
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**Also Present:**

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**Guests:**

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Mark W. Wilson, OPCMIA  
Keisha Honor, M&M Demo and Construction  
Mike Spears, M&M Demo and Construction  
Bill Langkopp  
Lorraine Washington  
Brooke Bacuettes, Transition New Orleans  
Paul Cordes, Guarisco & Cordes  
Rob Masson, WVUE  
Avis Landry, WVUE  
Cloyd Van Hook, Guarisco & Cordes  
Stephen Stuart, Bureau of Governmental Research  
Terri Franklin, Regions Bank  
Maurice a. Brown, Melvin Securities  
Rhonda Williams, 1st District Assessor  
Maria Julianna Auzenne, Auzenne & Associates, LLC  
Eric Strachan, Office of Councilmember Jackie Clarkson  
Jackie Clarkson, Vice President-Council at Large

Carol Rocque, Damon Rocque  
Jim Livingston, city Planning Commission  
Damon Burns, Morgan Keegan  
John Stockmeyer, Real Estate Tax Group, LLC  
Karl Kehoe, Real Estate Tax Group, LLC  
Forest Bradley Wright, Eco Park, LLC  
Stan McDaniel, McDaniel Group  
Ernest Gethers, City of New Orleans  
Mavis Early, GNO Hotel and Lodging Assn.  
Pharissa Dixon, Housing Authority of New Orleans  
Don Allison, Advantous Consulting

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At this time, Mr. Randolph interjected that the Board asked for some semblance of a plan from the developer regarding their planned use of local small businesses and local hiring which plan would ensure the enjoyment of locals in this development. Mr. Cordes responded stating that he is still waiting on criteria from the IDB. The President then asked for a committee to work on the construction of the criteria which result in the following volunteers: Mr. Ronald Baptiste, Mr. Justin Augustine; Mr. Farrell Chatelain; Mrs. Helen LeBourgeois and Mr. Allison Randolph. Mr. Randolph agreed to chair the committee.

### **AUDITOR**

The President informed the Board that because the first Request for Proposal for Auditing Services (RFP) garnered two responses, a second, more streamlined, RFP was issued to the original seven or eight interested firms. Again, only two responses were received: One response from the Rigby firm for \$16,000 a year; and the other from Roth, Murphy which merged with Car Riggs for \$8500 a year. The term of the agreement would be for three years with a two-year option. The President then asked for approval by the Board of a selection of Roth Murphy as the IDB auditor. Mr. Cornelius, for clarity, asked if the Board's desires were to have a 3-year contract, terminal each year for cause or one with a 3-year term but which can be terminated by the Board for cause at any time. The Board opted for the latter.

By motion of Mr. Augustine and seconded by Mrs. LeBourgeois, the Board unanimously approved the auditing service proposal of Cr Riggs, formerly Roth Murphy.

Mr. Flower then offered an item not on the agenda. he introduced guest, Ms. Pharissa Dixon, who, he stated worked with Mr. David Gilmore, the Regional Commissioner of the Housing Authority of New Orleans. Mr. Flower reminded the Board the IDB's proposed job/skill match program is borne out of the audit being conducted on behalf of the Board by Mr. Stan McDaniel that dealt with the hiring at the C. J. Peete and St. Bernard projects. he then reminded the Board of its agreement to move towards setting up a job/sill match program on which project Ms. Dixon would be 3orking, that would bridge the gap by creating a data base through interactive projects. The Program would included email alerts (starting with the IDB PILOT projects involving HANO); provided access to opportunities at satellite locations both mobile and kiosks, as well as computer modules based on jobs and employee skills that are provided by the developer and the job seeker and, finally, the program would include both seasoned workers and youth.

Mr. Baptiste then interjected that JOB 1 does a similar program and the other is HOPE VI and that he has seen this being done through HANO. Ms. Dixon added that other agencies are charged with providing this information to the public. It was added that the IDB's involvement would be short-term in the program at this time. The attempt is to get the program in-place within the next 6 - 8 weeks.

Mr. Flower the informed the Board that the cost to set the program in place, after discussing with different consultants, was \$12,600; that the cost included on-going administration; training of people although there are hopes of getting volunteers involved; and, the IDB would commit the initial \$12,600. Ms. Helen LeBourgeois asked if there were any legal ramifications if the Board diverts its interests to something of this nature. Mr. Cornelius counseled that the IDB was spearheading this project; that the charges of the IDB have been expanded over the years broadening its economic development powers; he further stated that he thought it would be reasonable and that the IDB's involvement would be by virtue of a cooperative community endeavor agreement which the government and quasi-governmental agencies can collectively do. Assurances have been given by Mr. Gilmore of HANO's involvement. This would be an investment in the community and the IDB would serve as a catalyst in the effort. This effort can expand to other businesses other than those projects under the IDB's purview.

A committee was created to meet with Ms. Dixon to further discuss the job/skill match program. The committee consisted: Mr. Flower, Dr. Ronald French, Mr. Ronald Baptiste, Mr. Darrel Saizan and Ms. Sharon Martin, the IDB Administrator.

Mrs. Good then asked if it was necessary to offer a motion to amend the budget to approve the \$12,000 plus cost for the computer program. Mr. Cornelius suggested that when the bill is received for payment then a motion to amend the budget could be offered.

A motion was offered by Mrs. LeBourgeois and seconded by Dr. French, for the approval of an amount not to exceed \$12, 600 for the cost of the creation of a computer program, including program creation, administration, etc., subject to a Cooperative Endeavor Agreement between the IDB and HANO. By vote of the Board, the vote passed with 10 Yeas.

Ms. Dixon then thanked the Board for its support of the program and its involvement in the process.

### **FINANCIALS**

Mrs. Susan Good presented the financial statements for the month of March. She advised that the report would be changed to reflect a column showing the annual budget amount in the budget report. This correction will also be reflected in the January and February reports and all future reports ad of the March report.

### **ADMINISTRATOR'S REPORT**

Ms. Martin advised that a copy of the Administrator's Report was included in each member's folder. She then reminded the Board of the requirement to submit their Tier2.1 Personal Financial Report to the Louisiana Board of Ethics by May 15, a copy of which was also included in the Board folders.

Mr. Cornelius interjected that the Hyatt issue is encouraging at this time but that he was not at liberty to provide any details. he added that the developer and investor contributions have increased significantly. Mr. Flower added that the Hyatt parent company has now come into the process. Mr. Augustine asked that the Hyatt be reminded that the RTA is moving forward with its rail project along the Loyola corridor.

The meeting adjourned at 2:20PM.

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Susan P. Good, Secretary Treasurer



**MINUTES OF THE BOARD MEETING  
OF THE  
INDUSTRIAL DEVELOPMENT BOARD  
OF THE  
CITY OF NEW ORLEANS, LA, INC.**

**MAY 18, 2010 AT 12:30 P.M.  
45<sup>th</sup> FLOOR CONFERENCE ROOM-ONE SHELL SQUARE  
LAW OFFICES OF ADAMS & REESE  
701 POYDRAS STREET**

**Present:**

Walter C. Flower III

Dr. Ronald J. French

Allison P. Randolph, III

Edwin M. Shorty, Jr.

Farrell J. Chatelain

Darrel J. Saizan, Jr.

Helen LeBourgeois

Alan H. Philipson

**Absent:**

Justine T. Augustine III

James Paul Johnson Jr.

Ronald G. Baptiste, Jr.

John L. Koch

Susan P. Good

C. David Thompson

**Also Present:**

Sharon Martin, Administrator, IDB

Joy Matthews, Admin. Assistant, IDB

David Wolf, Bond Counsel-Adams and Reese

Ray Cornelius, Bond Counsel-Adams and Reese

Jade Russell, Bond Counsel-Adams and Reese

**Guests:**

Cyril B. Saulny, Cadre' Business Solutions, LLC

Mark W. Wilson, OPCMIA

Keisha Honor, M&M Demo and Construction

Mike Spears, M & M Demo & Construction

Bill Langkopp

Lorraine Washington

Brooke Bacuettes, Transition New Orleans

Paul Cordes, Guarisco & Cordes

Rob Masson, WVUE

Avis Landry, WVUE

Cloyd Van Hook, Guarisco & Cordes

Stephen Stuart, Bureau of Governmental Research

Terri Franklin, Regions Bank

Maurice A. Brown, Melvin Securities

Rhonda Williams, 1<sup>st</sup> District Assessor

Maria Julianna Auzenne, Auzenne & Associates, LLC

Eric Strachan, Office of Councilmember Jackie Clarkson  
Jackie Clarkson, Vice President-Council at Large  
Carol Rocque, Damon Rocque  
Jim Livingston, City Planning Commission  
Damon Burns, Morgan Keegan  
John Stockmeyer, Real Estate Tax Group, LLC  
Karl Kehoe, Real Estate Tax Group, LLC  
Forest Bradley Wright, Eco Park, LLC  
Stan McDaniel, McDaniel Group  
Ernest Gethers, City of New Orleans  
Mavis Early, GNO Hotel & Lodging Assn.  
Pharissa Dixon, Housing Authority of New Orleans  
Don Allison, Advantous Consulting

The meeting was called to order at 12:43PM by the President, Mr. Walter Flower. An introduction of all guests was had. Upon roll call, a quorum was confirmed. By a motion of Mr. Darrel Saizan, and seconded by Mr. Alan Philipson, and with a unanimous vote of the board, the minutes of the April 20, 2010 meeting were approved.

#### **ZELIA, LLC**

Mr. Ray Cornelius, bond counsel, presented a Resolution to the board which seeks an approval of the Board to authorize the issuance of bonds in the amount of \$60M, as well a form of the Lease Agreement, which approval will allow the developer to go forward with securing financing. He advised that the market is not conducive at this time but the approval of the issuance and the form of the Lease Agreement will allow the developer to move forward with alternative vehicles of financing with a PILOT in place. This resolution will be subject to all conditions of the Board and, when the terms of the bonds are approved, the IDB will take title to the property and the PILOT will go into effect. The developer is not sure if he will be using conventional or GO Zone bonds. Discussion of the status of the extension of the GO Zone Bond Act was held, leaving the understanding that both houses of Congress have approved the bill but the bill has been delayed subject to some technical issue.

The outstanding requests for use of locals by the Board were addressed, i.e., if the Board approves the resolution, does this preclude the developer from honoring the Board's directive regarding use of locals, including whether or not the approval of the resolution would preclude the developer from coming back to address those issues with the Board. Mr. Cornelius advised that nothing is "final" at this time and that should there be any further discussions between the Board and the developer, he will gladly facilitate those discussions.

The President then asked for a motion to approve the Resolution for Issuance of the Bonds and the form of the Lease Agreement. Same was offered by Mr. Farrell Chatelain and seconded by Mr. Saizan. Upon vote the resolution passed unanimously.

### **POYDRAS PROPERTIES HOTEL HOLDINGS (The Hyatt)**

Discussion of the issuance resolution was deferred by the President to Mr. Cornelius. Prior to the request for approval, however, Mr. Cornelius shared an update on the financing of the project, advising that the Hyatt does have the funds and that the developer is looking towards closing. He advised that approval of the issuance and the form of the Lease Agreement are instrumental in negotiating the loan agreement with Starwood. Starwood has agreed to lend a large portion of the funds needed to move the project forward to financing and, when these funds are added to the Hyatt (parent) and the developer's contributions, along with the PILOT, the project appears feasible. He further advised that he is asking the Board to approve the issuance of the bonds in the full amount of \$225M, and the form of the Lease Agreement. He reminded the board that \$22.5M had already been issued last year in this matter, and that the project may be moving forward with a conventional loan.

At this time, Mr. Flower reminded the Board that the developer assured the IDB that 60% of those employed during the rehabilitation would be locals and once the hotel was operating, 90% of the employment base would be locals. Mr. Saizan reminded the board also that the developer agreed to hold seminars that would allow locals to see what skills are needed to fill jobs.

The President then asked for a motion to approve the issuance of \$225M in bonds, as well as approval of the form of the Lease Agreement. A motion was offered by Mr. Philipson and seconded by Mr. Saizan. Upon vote of the Board, the motion passed unanimously.

### **THE MCDANIEL REPORT IN RE C. J. PEETE AUDIT**

Mr. McDaniel provided the Board with background on the matter, advising that the purpose of the audit he has conducted was to determine hiring practices and use of local businesses pursuant to the claw backs of the Lease Agreement between the IDB and the Developer (HANO). In his update, Mr. McDaniel advised that the agreement called for 25% use of local subcontractors. He advised further that because the Developer chose Carl E. Woodward as its local general contractor, this 25% requirement was fulfilled. However, he stated that the hiring of locals at this site revealed a 15% local hire mark with wages about 60% of all total wages. This he stated is very low.

Mr. Flower reminded the board of his and Mr. Philipson's meeting with Mr. David Gilmore, the Regional Commissioner for HANO and Mr. Gilmore's commitment to ensure that guidelines and targets on hiring and use of locals on future projects of HANO including B. W. Cooper and Lafitte would be established and raised. With the implementation of the job/skill match program, both seasoned and youth workers will be sought to fill the jobs posted even though most jobs may be low-end jobs. Further he stated that Mr. Gilmore expressed that even meeting the established goals may cost the developer a few more dollars, and the targets of the commitments will be met and monitored. The implementation of the guidelines will set a higher standard of commitment on the part of the developer with accountability.

Councilmember-at-large President, Jackie Clarkson, was acknowledged. She requested that the City Council be kept abreast of the DBE requirements being created by the IDB. Mr. Flower interjected that the youth side of the job/skill match program would start with Central City

through a program called “Cease Fire” a part of the Recovery School’s Circle of Change which focuses on mentoring and finding opportunities for youth. The IDB’s job/skill match program will, he stated, affect the entire city. Mrs. Clarkson then continued stating that all agencies must collaborate to make a DBE program effective and that an established DBE requirement will help to bring all this to fruition. Mrs. Clarkson was then made aware by Mr. Allison Randolph that an IDB committee was created to make policy on the “use of local businesses” on those projects in which a PILOT is granted. The Committee wishes to discuss the topic with representatives of the City, especially the issue of DBE certification and the City’s role to support the process.

Mr. Gregory St. Etienne, the new Deputy Mayor of Operations for the City was recognized. He informed the Board that Mayor Landrieu has decided to push all city contractors to include local employment in their contracts, as well as the revamping of the DBE process. Such a mandate will impact all agencies, including the IDB with the hopes of achieving the same goal as that being sought by the IDB.

Mr. Flower offered that it would be helpful to come together in an open forum with guests of the general public so that all can become familiar with new guidelines. Mr. St. Etienne added that as a further step, the City will redesign its offers of incentives and enforcement, i.e., incentives to motivate economic development with penalties. Mr. Randolph added that the IDB would like to be an intricate part of the process. Mr. St. Etienne then offered the Board to set the appointment with his assistant. Mr. Flower informed Mr. St. Etienne that the IDB has already begun to take steps to ensure and monitor the terms and conditions of Lease Agreements between the IDB and developers. Mr. Cornelius then added that the IDB has been working hard to have claw backs imposed including employment of locals and that while not perfect, it has been a coordinated effort on the part of the Board.

Mr. McDaniel then continued with his report, advising that the last leg of compliance was use of subcontractors. In the case of C. J. Peete, quarterly reports were submitted. However, in a more detailed review of documents from on-site visits or the production of requested documents, he found that the documents submitted by the developer lacked specific information to make a reasonable determination of the use of locals. In many instances subs were acting as conduits to the general contractor who subbed the bulk of the work to out-of-state contractors, diluting the economic impact resulting in most of the funds going out of the State of Louisiana. The Board acknowledged this loophole and agreed that it was a typical problem. Mr. Randolph stated that whatever requirements are imposed on the General Contractor should trickle down to all sub-contractors so that all are held accountable to the spirit of the agreement between the IDB and the developer. In conclusion, Mr. McDaniel stated that pursuant to the language of the agreement, C. J. Peete is in compliance with the PILOT agreement. He added, however, that the IDB should consider strengthening requirements of the developer concerning goals for economic impact, i.e., when a developer submits an application, he should be made aware upfront what economic impact is expected especially if the developer is seeking a PILOT. The IDB should make sure the goals are measurable with timetables and that language be created to cover loopholes that currently exist. Mr. Flower added that we are also trying to ensure that the IDB has the ability to conduct an audit of the developer’s records which the developer must pay for and cooperate with. Mr. McDaniel also stated that data for such audits should be presented and formatted so as to make the audit more standardized. Mrs. Clarkson interjected that the

problem is not setting standards but rather holding the developer accountable to the requirements and enforcing and monitoring with penalty if there is a failure to meet the commitment.

Mr. Flower deferred the matter to Mr. Cornelius who advised that penalties for non-compliance have been negotiated and is still evolving. Currently, failure to meet the terms of agreement between the IDB and the developer, result in the developer paying high taxes. Currently State legislation establishes a lien similar to a tax lien which can be enforced. He added that if you accelerate a loan, however, the prime lender may require the PILOT to prime the loan. All projects may not fit the same standardized criteria. It was added by a board member that the IDB's objective is to make sure opportunities are enjoyed by all locals.

Mr. McDaniel then stated that his final point included the Purchase of Local Materials, e.g., that a requirement for purchase of materials locally should also be included in the goals of the developer. Another consideration, should be a pre-bid conference bringing in the Unions to discuss issues of concern so that people will know what jobs are available in advance.

In conclusion, Mr. McDaniel stated that in accordance with the language of the agreement between the IDB and the Developer, C. J. Peete is in compliance with the language but not the spirit. Mr. Flower added that this may be technically true but factually, employment is too low.

## **FINANCIALS**

Ms. Sharon Martin, Administrator, advised in the absence of Mrs. Good that a copy of the Financial Report was included in each Board member's folder.

## **ADMINISTRATOR'S REPORT**

Ms. Martin advised that she has been in constant telephone conversation with members/representatives of different union construction disciplines, i.e., carpenters, plasterers, etc., and that many were present at the Board meeting today, all seeking an opportunity to let the Board know what training each discipline offers, as well as seeking an appointment with the Board to further explain their investigations of some of these construction sites. Mr. Flower then asked Mr. Mark Wilson to present. Mr. Wilson advised that Urban Strategies a training arm of the McCormack Baron companies, offers training unlike that offered by the union. It offers an apprenticeship program that provides math, basic installation schooling but the applicant often times can't go anyplace after that. The Unions' training programs are a certificated apprenticeship program. Mr. McDaniel confirmed that Urban Strategies is a part of McCormack, Baron Salazar (the developer) who offered 69 jobs year-to-date in the C. J. Peete project all with low wages, adding that 16 – 18% of workers in Orleans Parish were at the very low end and that he is not sure that the classification fits the wage that is set. Many Board members expressed concern as to why certain information related to job classification and the prevailing wage were not available. Discussions across the table ensued concerning the issue of the David Bacon Act and prevailing wages. Other members of different unions including Mr. Rodriguez and Mr. Barry Kaufman spoke on the prevailing wage issue and agreed that wages were low and that some developers were paying cash to their laborers. Mr. Kaufman added that in spite of all that was being discussed, one project that did provide prevailing wages was the Harrah's project and

it had someone monitoring the project – the reason for its success. It was agreed by all that compliance rules need to be in place.

As an aside, Mr. Cornelius advised that he needed the approval of the Board on an Estoppel document required in the LGD II Rental matter. The matter changes the primer lender to CapOne. He advised that he has verified the issues involved in the document and the Estoppel can be done. By a motion offered by Mr. Philipson, and second by Mr. Saizan, the vote of the Board was unanimous in granting approval of the Estoppel in the LGD II Rental matter.

In continuing the discussions and presentations of the Union, Mr. Philipson stated that Mr. Chatelain was correct in saying it is vital to get employment up to protect the people of the City but by the same token, we cannot whitewash and chase business away from New Orleans attempting to establish prevailing wages, the IDB must be flexible. He agreed that it is possible for the IDB to ensure that locals are hired.

Mr. Flower again stated that the meeting with the Mayor and/or his representatives should be created. Mr. Randolph requested Ms. Martin to arrange this meeting as soon as possible.

The meeting adjourned 2:16PM

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Susan P. Good, Secretary/Treasurer