



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

AUGUST 18, 2009

12:30 P.M.

1340 POYDRAS, AMOCO BUILDING, 21ST FLOOR CONFERENCE ROOM

Present:

Ronald G. Baptiste, Jr.
Susan P. Good
Helen LeBourgeois
C. David Thompson

Farrell J. Chatelain, Jr.
Glenda Jones-Harris
Allison P. Randolph, III

Walter C. Flower III
John Koch
Darrel J. Saizan, Jr

Absent:

W. Raley Alford, III
Tyrone A. Wilson

Dr. Ronald J. French

James Paul Johnson

Also Present:

Sharon Martin, Administrator, IDB
Joy Matthews, Admin. Assistant, IDB
O. Ray Cornelius, Bond Counsel
David Wolf, Bond Counsel
Wayne J. Neveu, Bond Counsel

Guests:

Gionne Jourdan, Michaels Development Co.
Tom Wulf, Woodward Design-Build
Cloyd Van Hook, Guarisco & Cordes, LLC
Paul Cordes, Guarisco & Cordes, LLC
Dennis Lauscha, Zelia, LLC
Jaquetta White, Times-Picayune
Dennis Millner, Bank of New York Mellon
Carol Rocque, Damon Rocque
Tim Johnson, Securities Corp/Advantous
Reuben A. Randel, Advantous Consulting
Stanley McDaniel, McDaniel Group
Mitchell Geissler, Southern Star Amusement
Jonathan Montel, Southern Star Amusement
David Crais, Southern Star Amusement
Stan Rueb, Dorsey & Company
Pam Mendrejycke, Southern Star Amusement
Tonya Pope, Southern Star Amusement
Ardyn Thriffiley, La. Economic Development
Danny R. Rogers, Southern Star Amusement
Joe Bourgeois, Southern Star Amusement
Randi Rousseau, WDSU-TV, Channel 6

Alex, Icranberger, WDSU-TV, Channel 6
Drew McCalister, WDSU-TV, Channel 6
John Knost, Knost Floor Wall by REflections Design
Howard Smith, Nickelodeon
Joanna Roses, Nickelodeon
Mithun Kamath, Office of Council at Large President, Arnie Fielkow
Victor Smeltz, Renaissance Neighborhood Development Corp.
Greg LaRose, City Business
Joe Hassinger, Galloway Johnson
Gerald Raines, Nickelodeon
LaSwanda Green, Downtown Development District
Julie Schwam Harris, City of New Orleans
Robert Packnet, R & P Landscape
Eric d. Schlosser, 3E Entertainment
Jared Brossett, House of Representatives, State of La.
Cedric Richmond, House of Representatives, State of La.
Lorraine Washington, Recovery Com.
Chad Vincent, New Orleans Saints
Jackie Clarkson, City Council at Large, V.P.
Eric Strachan, Office of Council at Large V.P., Jackie Clarkson
Cynthia Willard-Lewis, Councilmember, District E
Clarence Bickham, Office of Councilmember Cynthia Willard-Lewis
Damon Burns, Morgan Keegan

Prior to the confirmation of a quorum and the opening of the meeting, the President, Walter C. Flower, III, requested an introduction of all guests. After introductions, the President advised that he would ask for presentation of the Zelia, LLC application although no vote could be taken until a quorum was confirmed.

At 12:25 PM the President called the meeting to order. Mr. Dennis Lauscha presented the proposal of Zelia, advising that Zelia was a corporation made up of the Tom Benson family; that it proposed redevelopment of the Dominion Tower Office Building and the New Orleans Centre. A 9-minute video was played which illustrated the backbone of Zelia, the Benson family's involvement in New Orleans and its economic impact including highlights of the Saints and the Benson family's reinvestment in and around the Superdome and the CBD. The applicant proposes to purchase the New Orleans Centre and Dominion Tower to create a new sports' district including redevelopment of the mall, including \$85M in Superdome improvements as well as an entertainment district. The benefits to city are an increase in stadium income, extension of the life of the Superdome and potential for more Super Bowls, Final Fours, etc. There is a 25-year impact equal to over \$12B for the city, he explained.

Mr. Cordes, a representative of Zelia, further explained that the benefits to the City and the downtown area are not only jobs but also an increase of city sales taxes generated as a result of the proposed redevelopment of these two sites. This proposal is also tied to reduced property taxes during the 20-year period. It is anticipated that the closing of the

bond issuance is likely to be in place by the end of the year; that an amount not exceeding \$60M in a bond issuance is being sought from the IDB at this time; total project costs are around \$80M -\$90M (Dominion Tower \$75M and the New Orleans Centre \$10.5M); adding that \$42M for acquisition of the properties; \$12.5 State office improvements; \$15-20M for improvements to the roof; \$5M to mechanical structure improvements all of which are the private tenant portions of the project, including \$2M-\$3M for parking garage improvements.

At this time a quorum was confirmed and the meeting was officially called to order by the President.

Discussions were undertaken, the first of which involved the Dominion Tower. Mr. Ray Cornelius informed the board that the developers are seeking preliminary approval on the project and that the project is tied to the retention of the Saints in New Orleans; that the Bensons are in negotiations with the City and State at this time; that it would be helpful if the board could accelerate the CBA in light of the PILOT request and that no other action is required today.

Current taxes, the board was advised, are around \$353,000 per year since Hurricane Katrina. Mr. Cordes added that the impact of the entertainment district has not yet been considered; stating further that Mayor Nagin is in support of reducing or eliminating taxes on the redeveloped sites. A closing date for the acquisition of the property is scheduled for Tuesday, September 15, thus the reason for the expedited CBA.

Mr. Cornelius informed the board that these will be “taxable bonds” if the developer is successful in getting a tax exemption or the elimination of the taxes; and added that three-quarters of the building (Dominion Tower) would be leased by the State from Zelia. Mr. Cordes added that the New Orleans Centre and Entertainment District would be co-developed with the Louisiana Stadium Exposition District and that profits would be shared with LSED and the Benson Family.

Mr. Flower asked the board if it was willing to give preliminary approval for the \$60M requested and expediting the CBA. Mrs. Susan Good requested clarity as to the PILOT term – 20 years as is being requested today or 16 years as reflected in the application. Mr. Cordes offered that the Saints now have a 15-year agreement with the right to extend an additional 5 years.

Mr. Cordes advised that plans are currently on the drawing board for the New Orleans Centre. The objective, he stated, is to have a facility similar to that of the Staples Center in Los Angeles with entertainment facilities, shopping, dining, etc. and an outside venue for concerts on game days which would include state-of-the art digital panels – there will be a redevelopment of the outside space. Mr. Darrel Saizan then asked to have considered for the mall space a movie theatre which is sorely needed in the New Orleans area. Mr. Lauscha added that such a component is being considered.

Discussions then ensued regarding the date of Zelia’s proposed closing for the acquisition of the property and the Board meeting which is scheduled for the same date. Mr. Cornelius interjected that the developer seeks to have the board meeting a day earlier, if

agreed to by the board, and asked the board to accommodate the request by expediting the CBA. He suggested the board be polled for the change of date to Monday, September 14. Ms. Martin was directed to take a poll for the date change and to get an RFP issued for the CBA immediately.

Mr. Saizan suggested to the Zelia group that access to the Dominion Tower and the New Orleans Centre be “user friendly” such as that proposed by the Hyatt developer, i.e., access from Loyola Avenue.

Mr. Allison Randolph offered that in review of the application, he sees that 50% of the jobs would go to minorities and that 90% of the jobs would go to New Orleans residents. He stated that he would like to see as much of the contracting go to locals and added further that he would like to see some contract goals outlined by the developer for use of local and minority businesses that are qualified and bondable. He added that the outline should include a breakdown from the developer of targets for locals and DBEs. Mr. Flower added that local participation is important and that he, too, would like see a greater percentage of the overall construction and redevelopment go to local contractors and sub-contracts including labor. Mr. Cordes assured the board that Mr. Benson is for local and minority participation.

Mr. Flower requested a motion for the granting of preliminary approval, for the expediting of the CBA and for changing the date for the board meeting. A motion was offered by Mrs. Helen LeBourgeois and seconded by Ms. Glenda Jones-Harris. The vote passed unanimously.

SOUTHERN STAR AMUSEMENT

Mr. David Crais was offered the floor to present the application in this matter. Mr. Crais advised that he is a member of the board of Southern Star Amusement and handles many of the management issues; that Mr. Danny Rogers is the President and Ms. Tonya Pope is Chief Financial Officer both of whom were present. He stated that also in attendance were representatives of Nickelodeon and that Nickelodeon will serve as the theme partner for the redevelopment of the Six Flags site in New Orleans east; that Nickelodeon is part of the MTV/Viacom family and is one of the largest branding sources in the U. S. He stated that the developers are interested in creating a theme park at the Six Flags site; that based on a site visit by Mr. Rogers it was found that the site was not in bad condition. The developers also suggest a smaller water park that would work in tandem with the branding of Nickelodeon. According to Mr. Crais, Mr. Rogers was contacted by Nickelodeon. Nickelodeon also conducted a site visit and saw that the property could be re-built. The property “as is”, as reported by Mr. Crais, gives the developer a minimum of a \$40M head start and that the entire project is economically viable. The Board was further informed that a contract has been signed by Nickelodeon with Southern Star and, that as of this morning a press conference was held to announce the agreement. Mr. Crais added that J. C. Ellis, manager of the White Water West Water Park, would also be a part of the team. Mr. Crais stated they are seeking from \$100M - \$150M in GO Zone bonds and preliminary approval from the IDB; that the project will be a challenge; and that

plans are underway to meet with John Kennedy, State Treasurer and Whit Kling of the State Bond Commission who wish to discuss the viability of the project in New Orleans.

The President then acknowledged the presence of Council at Large Vice-President, Jackie Clarkson who expressed her thanks to the Zelia representatives, adding that this project will change the scope of what's going in New Orleans and the CBD; she thanked the IDB for its works in this process.

Mr. Flower asked for comments from the Board on the Southern Star project's scope and the ability of the group to raise the funds to do a project of this size and nature. Board members expressed concern as to the developer's ability to secure financing, as well as a need to have documented the names of investors, amounts of investment, Nickelodeon's relationship and its investment although the Board was assured that Nickelodeon's role is totally related to "branding", contract signage, etc. The Board was advised that Dorsey & Co. endorses municipal entities and has been present throughout the Southern Star process. Mr. Rogers advised that Nickelodeon will oversee everything Southern Star implements and that he is sure with Nickelodeon, the IDB will be satisfied with its actions.

Mr. Flower reinforced that the Board unequivocally wants strong local participation and employment, and would like to be assured that the labor force includes the youth of the city, including written commitments highlighting milestones. Ms. Pope assured the Board there will be such participation by WBEs, DBEs; that they pursued those companies and vendors and have issued qualification forms to some local vendors and contractors. Because the project is of a special nature, she believes many of the local vendors will generate t-shirts and like products and she was sure that locals could handle many of their small events.

Mr. Howard Smith with Nickelodeon was then recognized. He provided an overview of Nickelodeon's history adding that Nickelodeon has been keeping an eye on the project since their initial meeting with Mr. Rogers. Tours have been taken of the site; they were impressed with the infrastructure but admitted that they are not familiar with owning a park; that their sole involvement in other theme park-related projects is purely "branding", serving also as a marketing resource - such as their relationship with Camp Snoopy. In answer to a question concerning Nickelodeon's equity investment in the project, the Board was informed by Mr. Smith that Nickelodeon is a media company with licensing structure in place, the developer owns the underlying physical assets, Nickelodeon brings only marketing and branding,

The President then recognized Councilmember Cynthia Willard-Lewis who thanked the Board for its work. She stated that this project would build on the legacy of Six Flags which was successful until the storm; Six Flags, she stated, continues to make its lease payments to the City; the proposed project would complement the City's tourism efforts; jobs will be created; that other re-building is taking placed in N. O. East including a new library, the refurbishing of Joe Brown Park, Lake Forest Mall, the Fire Station, Police Station all in an effort to bring back public assets; this project will draw families from other regions; Nickelodeon's value is well-known world-wide and she understands its marketing value and supports the project.

Mr. Randolph stated that his concern is that the City cannot afford not to give preliminary approval and that he would like to see the project work; it would be a tremendous asset to the City but knowing the financial market, it will be a difficult sell. Mr. Farrell Chatelain stated that he would like to see details of the relationship between Southern Star Amusement and Nickelodeon; specifically if Nickelodeon was going to have an equity piece in the project. He also questioned if the IDB would be tying up the property by giving preliminary approval.

Mr. Cornelius then asked for the floor to clarify some issues of concern. Firstly, he stated that the Board owns the proposed site and became involved in the Six Flags site at the City's request; preliminary approval today will not restrict the Board from considering any other proposals; he stated that he would not be comfortable saying the IDB can assign the property but that the IDB can grant preliminary approval with no exclusionary right or control of the property. Mr. Cornelius reminded the Board that the applicant is not seeking a PILOT for this project and the preliminary approval would give them the time to move their project forward.

Mrs. Good then stated that she would like to see an effort to engage State Treasurer John Kennedy in the discussion. Previously Mr. Kennedy made negative comments concerning New Orleans and its efforts to obtain financing for the Hyatt project. She then asked if it was possible that this project could be done without using the entire amount of land in light of the visit by local representatives to a project in Dallas that could also be feasible; in other words could these two projects work together.

Mr. Rogers responded by stating that he has spoken with Councilman Arnie Fielkow and that he thinks the other project is a wonderful idea. However, he feels it would not work on the same land, but possibly it can be done on some of the adjacent property. Both projects would be good for tourism. Mr. Crais interposed, in that at this time, they are not at liberty to discuss and/or disclose communications with Mr. Fielkow but they have discussed working together and that they [Southern Star] were invited to the August 25 meeting at Maria Goretti Church in New Orleans East that included use of land, the joint projects, Nickelodeon Park and Big League Dreams. Mr. Crais added that Big League Dreams is a public finance venture, not private investors.

Councilmember Willard-Lewis said that she feels the use of public funds at this time would be better spent on other priorities. She commented that disaster dollars need to be used for a hospital rather than a sports complex. She is here today to support this project (Southern Star Amusement). Her feeling is that this proposal would help revitalize the area and the entire city. She added that there is an abundance of land to do multiple projects in New Orleans East but questioned where the dollars would come from.

Mr. Flower then asked the board for a motion granting preliminary approval of \$100M in GO Zone bonds for the Southern Star Amusement project. Upon motion of Mr. Randolph, seconded by Mr. Saizan, the vote passed with 8 Yeas to 2 Nays.

CHATEAU CARRE

Mr. Neveu took the floor to present the PILOT language in this matter. Once the presentation was made, the Board determined and emphasized the reference to surplus cash was incorrect; that it is not surplus cash they expect to be used as additional PILOT payment but rather revenue dollars generated over and above the amount projected in the application or in the pro forma. These funds would be tied to a claw back which would, in essence, state that such funds would be paid to the city as an additional PILOT payment as long as it did not exceed the maximum tax amount that would be paid if the property were on the tax rolls at full assessment. This would mean that any revenue generated (before expenses) in excess of that projected on the pro forma, would be subject to the claw back. Mr. Neveu stated that the language is usually imbedded in the Lease Agreement between the IDB and the developer. Mr. Victor Smeltz, director of Renaissance Neighborhood Development Corporation, interjected that he was not sure his investors would agree to this request as there are expenses to be paid from funds generated. Mr. Smeltz and Mr. Neveu were reminded that the IDB is working on a monitoring system to track such revenue intake on projects. Mr. Neveu assured the Board that it would have the language ready before the next board meeting.

NEW SAVOY PHASE II

At this time, Ms. Gionne Jourdan, of Michaels Development Co., developer of the New Savoy Phase II project, presented the overview on this project. After discussions concerning the PILOT request and claw backs associated therewith, Ms. Jourdan stated that Michaels would be in agreement to utilize the same claw back language used in the other HANO developments.

Mr. Flower then asked for a motion on the PILOT request of 30 years for the public housing units and 15 years for the Section 8 housing after which the non-public housing portion would be assessed at the then market tax rate. Upon motion of Mr. Randolph, seconded by Ms. Jones-Harris, the vote passed unanimously.

Mr. Flower then asked for a motion on the final approval for issuance of \$3.25M in bonds subject to the PILOT language being crafted. By motion of Ms. Jones-Harris, and seconded by Mr. Saizan, the vote passed unanimously.

EDWARDS AVENUE PARTNERSHIP

Bond Counsel, Mr. David Wolf, presented this matter advising the Board that because of new market tax credits and a few other non-structural changes, this matter was being re-visited; that Iberia Bank is now the purchaser of the bonds; and, that no PILOT is involved with this project. Mr. Cornelius reminded the board that it previously gave final approval in this matter but that because of the changes as noted by Mr. Wolf, a ratification of the previously approved resolution is required.

By motion of Mrs. Good, seconded by Ms. Jones-Harris, the vote passed unanimously on the ratification of the final resolution.

FINANCIALS

Mrs. Good informed the board that copies of the current financial reports were included in their folders and that an approval by Board vote was needed on the \$9,030.05 bill from Adams and Reese for services rendered to the Board outside that of serving as bond counsel. Mr. Flower requested a motion for approval to pay the \$9,030.05 invoice. By motion of Mr. Saizan, and seconded by Ms. Jones-Harris, the vote passed unanimously.

INSURANCE

Tabled

MARKETING AND ADVERTISING

Tabled

ADMINISTRATOR'S REPORT

Reports and attachments distributed.

The meeting adjourned at 3:20 PM.

Susan P. Good, Secretary Treasurer