



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

**OCTOBER 20, 2009 AT 12:30 P.M.  
21<sup>ST</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Farrell J. Chatelain, Jr.	Walter C. Flower III	Dr. Ronald J. French
Susan P. Good	Glenda Jones-Harris	James Paul Johnson
John L. Koch	Helen LeBourgeois	Alan H. Philipson
Darrel J. Saizan, Jr	Edwin M. Shorty, Jr.	C. David Thompson

**Absent:**

Ronald G. Baptiste, Jr.      Allison P. Randolph, III

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese  
David Wolf, Bond Counsel-Adams and Reese  
Wayne Neveu, Bond Counsel-Foley & Judell

**Guests:**

Lorraine Washington, Citizen  
John Stockmeyer, Real Estate Tax Group  
Mark W. Wilson, OPCMIA (Union)  
Toni Cacioppo, United Association  
A. W. Gomez, BAC #6 (Union)  
Joe Williams, Value Spark Capital  
Toni Weiss  
Karl Keoh, Real Estate Tax Group  
Stephen Stuart, Bureau of Governmental Research  
Kyle Farnce, Hyatt  
Christopher Robertson, Poydras Properties Hotel Holdings, LLC  
Jeannie Tidy, Downtown Development District  
Paul Cordes, Guarisco & Cordes  
Cloyd Van Hook, Guarisco & Cordes  
Terri Franklin, Regions Bank  
Tim Johnson, Advantous Consultants  
Robert Gigliotti, Poydras Properties Hotel Holdings, LLC  
Jacob Capraro, Poydras Properties Hotel Holdings, LLC  
Stan McDaniel, McDaniel Group  
Beth Zeigler, Hancock Bank  
Mavis Early, GNO Hotel & Lodging Association  
Lisa Sexton, Piper Jaffray

Denis Milliner, Bank of New York Mellon  
Henry R. Charlot, Jr., Downtown Development District  
Buck Landry, Morgan Keegan  
Brian Coogan, Orleans Parish Criminal Sheriff  
Brigid DeLoach, McCormack Baron Salazar  
Paula Peer, Trapolin Architects  
J. A. Font, Font International  
Anthony Richard, RAC/Tony's Electric Services  
Blane Bacchus, RAC  
Rhonda Williams, Office of Assessor Darren Mire  
Lee Bressler, Morgan Keegan  
Gionne Jordan, Michaels Development  
Art Lujan, Gulf Coast Construction Career Center  
Pharisa Dixon, HANO  
Angela Anderson, HANO  
Carol Rocque, Damon Rocque Securities Corp.  
Ian Trivers, AFL-CIO Investment Trust  
Pamela Hammond, Elkins, PLC  
Kurt Weigle, Downtown Development District  
Monika McKay, Columbia Residential  
Ernest Gethers, City/Dept. of Economic Development  
Ralph Engelberger, PDSI/Poydras Properties Hotel Holdings, LLC  
Mike Howells, C3-1Hands Off Iberville

Prior to the Board meeting being officially called to order, the President, Mr. Walter Flower, introduced the two newest members of the Board, Mr. Alan Philipson and Mr. Edwin Shorty, Jr. An introduction of all guests was also conducted. Upon arrival of Board members, the meeting was officially called to order at 12:24PM. A quorum was acknowledged and a roll call of the Board was had. The President asked for a motion approving the minutes of the September 18, 2009 Board meeting. Mrs. Susan Good noted that the final motion on Page 5 of the minutes needed amending to reflect \$176,000 as a PILOT payment agreed upon by the Board. By motion of Mr. C. David Thompson, and seconded by Ms. Glenda Jones-Harris, the Board voted unanimously to accept the minutes with noted changes.

### **ZELIA, LLC**

Attorney David Wolf noted that no action was required today in this matter but rather a report on the Public Hearing that was held just prior to the Board meeting. He advised that there were no objections to the Zelia project and the PILOT request; that the developer will move forward for a discussion of the possible amended PILOT payments in November or December. Mr. Flower reminded the Board that in light of the additional ad valorem taxes found in connection with the Dominion Tower/New Orleans Centre, the Board will reconvene to re-discuss the PILOT payments previously approved. The issue will, therefore, be studied to determine if the additional taxes are applicable.

**MARIGNY HOUSE (MARIGNY INVESTMENTS, LLC)**

The President then recognized Mr. Jose Font who presented the application request for an amount not exceeding \$25M in GO Zone bonds for the development of an extended stay and permanent resident facility located at Elysian Fields and Chartres with retail space and 215 parking spaces. He referred to the project as a turnkey project. Mr. Wolf advised that the developer wished to reserve the right to come before the Board to request a PILOT at a later date.

Mr. Wolf reminded the Board that the GO Zone bond allocation expires on December 31, 2009; that there were three State Bond Commission meetings for Orleans Parish left, including October; that it is hoped an extension of the GO Zone bonds will be granted; and that the Board should take a proactive stand in seeking the extension. Mr. Flower offered a motion that all efforts be made to reach the New Orleans members of the State Legislature as well as U. S. Congressmen, via a letter requesting an extension in the GO Zone bonds to 2014. Mr. Darrel Saizan volunteered to work with Ms. Martin to draft such a letter on behalf of the Board, with the assistance of Adams and Reese.

Discussions continued in the Marigny Investments, LLC matter wherein the developer was advised that if a PILOT were sought, the IDB would require local participation in employment, use of locals as subs and suppliers. Mr. Font informed the Board that currently a part of the property being considered is housing trash trucks owned by SDT; that retail will be a part of the package including an international gourmet market, an institute for the arts, restaurant and lounge and a center garden terrace, with a bookstore and small/local retail; that zoning variances have been discussed with the HDLC and other groups concerning those minor zoning variances.

The President requested a motion for the granting of preliminary approval, leaving the option of a future request for a PILOT open. By motion of Mr. Farrell Chatelain, and seconded by Ms. Jones-Harris, the Board voted unanimously to grant preliminary approval with the option of returning at a later date to request a PILOT.

**POYDRAS PROPERTIES HOTEL HOLDINGS, LLC**

The President informed all in attendance that both the Cost/Benefit Analysis (“CBA”) and the “But For” Analysis would be presented at today’s meeting. He then offered the floor to Prof. Toni Weiss who conducted the CBA and advised, in general, that the developers of the 1183-room Hyatt hotel wished approval of a 15-year PILOT at \$325,000 per year – half of the current taxes. She advised that any major hotel’s tax collections generally outweigh property taxes; that current taxes are set at \$625,000 per year; that redevelopment of the Hyatt would be a great benefit to the City; that as a result of the opening of this hotel there would be substantial employment opportunities; that based on her analysis, payment of the amount of the current taxes would not be a hardship to the applicant. Her final recommendation was a PILOT for 10 years at the full \$625,000.

Mr. Stan McDaniel, preparer of the “but for” analysis, was then recognized. He stated that the developer is seeking the reduction in taxes to achieve a higher bond rating; that at its highest point (pre-Katrina), Hyatt ad valorem taxes were at approximately \$2.3M a year. He emphasized that the Board should look at the stabilization year of the project

where; that it is at this point that additional revenues could be generated - this would be year 2015 or year six; that at this point in the 15-year request, a PILOT claw back should be instated so that any increase in revenue above that shown in the pro forma would be dedicated to additional PILOT payments as long as it does not exceed the maximum ad valorem tax that would be paid if the property were on the tax rolls. He recommended a 10-year PILOT at \$625,000 a year, with a review of the revenues at year 2015, the year of stabilization. He added that it should be noted that the investor in this project is an "Opportunity Fund" which takes a look at the advantages in the market which suggests further that the PILOT be tied to the "existing" economy of the market. He suggested also that a Hotel Management Agreement be considered to cover hiring practices; and that construction jobs be tied to a claw backs as well.

Mr. Chatelain suggested that a list of the developer's contractor, subs, vendors and suppliers be given to IDB and the IDB needs to be a catalyst in making sure locals are included in these projects and are participating from construction to permanent jobs.

Mr. Mike Smith, the former manager of the Hyatt, was then recognized. He offered that plans for the new Hyatt would include the hiring of locals for at least 85% of the permanent jobs which is estimated at 600; and jobs created during construction would be around 500.

Mr. Chris Robertson, the owner/applicant, took the floor advising the Board that he must take advantage of the window of opportunity to sell the bonds in this matter and that they cannot get the rating needed if the PILOT is not in place. He stated that they have a reserve in excess of \$20M to cover debt service and that closing is estimated at three weeks away. Mr. Ralph Engelberger, Project Manager for the Hyatt, stated that local permanent hiring would be a 90% and 40% of the construction would be dedicated to locals and unions – Orleans Parish.

Mr. Chatelain then offered a motion for employment of locals during construction to be set at 38%. This motion was seconded by Mr. Alan Philipson. Upon vote of the Board, the motion passed unanimously.

Discussions were then held concerning the bond rating and Ms. Lisa Sexton of Piper Jaffray informed the Board that in the event a claw back is attached to the profits, it will maintain a \$20M debt service reserve but advised further that at this time there is no rating.

Mr. Robertson informed the Board that Poydras Properties Hotel Holdings applied for a Restorative Tax Abatement ("RTA") which would freeze taxes at \$625,000 a year for the next five years. It has also applied for a sales tax rebate. Although these incentives have been applied for, Mr. Robertson advised that he will not double-dip. The PILOT works in the alternative. He will forward a letter to the IDB with support documentation reflecting the rescission/forfeiture of the grant of the RTA.

Mrs. Good asked if the developer would agree to a 15-year PILOT with a claw back to review revenues after the fifth year with any overages (before the bottom line) being applied as additional PILOT payments. Mr. Robertson said such language could be

worked on; that approval of the PILOT provides consistency in the deal; that they are fighting to protect the \$68M he has invested in the project.

By request of the President, Mrs. Good offered a motion that provided: A grant of a 5-year PILOT at \$320,000 per year; and at year six the taxes would be reverted to the current tax of \$625,000 per year for years 6 – 15 with an attendant claw back tied to revenues after year 6 for any increase in the revenue flow resulting in additional PILOT payments to the extent that such payment does not exceed the maximum amount for ad valorem taxes that would be due if the property were on the tax rolls. Same was seconded by Ms. Jones-Harris.

Further discussions were held. Mr. C. David Thompson then moved to amend the original motion to read: A grant of a 15-year PILOT at \$320,000 per year with the claw back that in year six revenues would be reviewed and any revenue earned over that projected in the pro forma would be paid as additional PILOT payments so long as it does not exceed the ad valorem that would be due if the property were assessed. Same was seconded by Mr. Darrel Saizan. Upon vote the motion passed with 10 yeas and 2 absents.

Further discussions ensued. After all discussion, a vote was taken and the motion passed unanimously.

Mr. Wolf advised that the Board needed to give final approval to issuance of the remaining bonds which are non-rated in \$100,000 denominations at fixed interest rate with no letter of credit; and that an amended Resolution has been prepared for approval by the Board. Mr. Saizan offered a motion for approval of the ratification of the resolution originally granted in the Poydras Property Hotel Holdings for the grant of issuance of the remaining bond allocation. Same was seconded by Ms. Jones-Harris. The vote passed unanimously.

Mr. Wolf informed the Board that issuance would be through Regions Bank with a 33 year maturity not to exceed 14%; that the required PILOT language and claw backs would be submitted to the Board for review prior to the next board meeting. Mr. Robertson advised that the goal is to sell all bonds by the end of the year.

## **OLD BUSINESS**

### **MONITORING**

The President then informed the Board of the need to have the hiring practices audit conducted at two of the HANO developments – C. J. Peete and St. Bernard, stating further that based on the poll of the Board, same would be conducted by Stan McDaniel. Mr. McDaniel was offered the floor and he provided an explanation of the planned audit format which he supported by a written document prepared by the McDaniel Group. He advised that he met with what appears to him to be resistance by the developer and contractors for certain requested information. He further stated that IDB PILOT language should be more specific.

At this time, HANO legal counsel, Mr. Wayne Woods, was recognized. He advised that HANO was concerned by the process of the audit; that an audit has been done by the Dept. of Labor; these audits are not regularly scheduled nor are they routine. This audit determined that each developer was in keeping with best practice record keeping; that he wished to have it understood that there is a distinction between HANO and the developer; that HANO is holding each developer's feet to the fire with regards to contracting of locals and Section 3 hiring; and that HANO plans to live up to the lease agreement. He suggested, with respect, that such an audit should have certain parameters and that the reports submitted by each developer should address the concerns of the Board.

Mr. Flower then informed Mr. Woods that the IDB has received complaints from individuals and several construction worker unions concerning hiring practices at these two sites, and the complaint of one employee for a sub that did not get paid for work performed. Mr. Saizan requested a list of the locals and minority subs. Mr. Flower assured Mr. Woods that the IDB is willing and ready to work with HANO to get these matters resolved, including the audit.

Mr. Art Luhan was recognized. He introduced himself as the director of Gulf South Construction Careers Center which trains and develops work force needed in the construction arena. He assured the board that locals are available for work at these locations but many of them have been denied. He advised that he would be willing to work with the general contractors and subs to provide them with a well-trained work force on these sites. Mr. Mark Wilson of OPCMIA (international union) stated that a work force to cover 38% - 40% of the jobs can be easily covered from electrical to brick masonry. He further stated that the union does not get calls from developers and the OPCMIA has found it difficult to obtain documents from these developers to determine who is being hired although site visits do not show locals are being hired. Mr. Flower suggested that both Mr. Luhan and Mr. Wilson meet with Mr. McDaniel.

## **FINANCIALS AND ADMINISTRATOR'S REPORT**

A copy of the August 2009 financials was included each in Board member's folder. A copy of the Administrator's Report was included as well. .

The meeting adjourned at 3:10 PM.

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Susan P. Good, Secretary Treasurer