

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD**

CITY OF NEW ORLEANS, LA, INC.

**JANUARY 18, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III	Ronald G. Baptiste, Jr.	Farrell J. Chatelain
Elijah M. Feinstein	Walter C. Flower, III	Susan P. Good
John L. Koch	Helen LeBourgeois	Alan H. Philipson
Allison P. Randolph, III	Darrel J. Saizan, Jr.	Edwin M. Shorty, Jr.
C. David Thompson		

Absent:

Dr. Ronald J. French

Also Present:

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

Guests:

Karl Kehoe, Real Estate Tax Group
Bill Langkopp, GNO Hotel and Lodging Assn.
Barry Kaufman, LIUNA
Stan McDaniel, The McDaniel Group
Maximus A. Perdomo, AWLU #53
Tom Crumley, Woodward Interests
Eric Strachan, Walter Flower & Co.
Ricardo Benitez, Carpenters Local 1098
Charles Manning, La. Carpenters Regional Council
Pres Kabacoff, HRI Properties
Jeb Bruneau, Advantous Consulting
Becky Mowbray, Times-Picayune
Toni Weiss, Economist
Steven Kennery
Terri Baptiste Franklin, Regions Banks
Richard Allen, HRI Properties
Lorraine Dinvault, BBCL Enterprises
Josh Collen, HRI Properties

Erick Jungbacker, Downtown Development District
Stephen Stuart, Bureau of Governmental Research
Sidney Barthelemy, HRI Properties
Scott Murphy, Iron Workers
Damon Burns, Morgan Keegan
Tiger Hammond, AFL-CIO
Gregory J. Favret, Catholic Charities ANO Community Staffing
Joe Rochelle, Office of Councilmember Jackie Clarkson

The meeting was called to order at 12:35 PM by the President, Walter C. Flower III. A roll call was conducted and a quorum confirmed. An introduction by all guests was had.

The President recognized former Mayor Sidney Barthelemy who was in attendance.

A motion for approval of the December 2010 minutes was requested. Same was offered by Mr. Ronald Baptiste and seconded by Mr. Alan Philipson. A vote passed unanimously approving the December 2010 minutes.

BBCL ENTERPRISES

Bond Counsel, David Wolf, provided the Board an overview of the BBCL project - the rehabilitation of the former hotel located in New Orleans East. He added, as information, that Congress has extended the GO Zone Bond expiration date to December 31, 2011, and the State has from \$100M - \$300M in unused bonds for projects. BBCL is seeking to increase its initial request from \$3.5M (granted in preliminary approval) to \$5M. The issue, he advised, is still subject to final approval once the developer has secured financing of the bonds.

Mrs. Lorraine Dinvaut, developer representative, explained the reason for the increase. She informed the Board that the property is a former LaQuinta Hotel in New Orleans East and that due to vandalism of the property, they need to increase their initial bond request. She advised further that they are still in pursuit of a lender/guarantor.

After explanation, the President requested a motion for supplemental approval of the increase as requested by the developer. By motion of Mr. C. David Thompson, and seconded by Mr. Baptiste, the Board voted unanimously to grant supplemental preliminary approval to the developers for an increase from \$3.5M to \$5M.

313 CARONDELET COMPLEX (HIBERNIA TOWER)

Prof. Toni Weiss made the presentation of the cost/benefit analysis. She provided an overview on how she approached the production of the CBA, that is to see if the project can move forward without the PILOT. She advised that the project is not a loss of property taxes but rather the loss of taxes on an alternative development. The timing of the alternative project is suspect. According to her research, the building is of an iconic nature and that if this development does not go through, an alternative business would possibly come to fruition in five years but this

speculation is open to interpretation. Issues to be considered are the amount of the PILOT payment; potential increase in property taxes; consideration for the purchase of construction materials locally and the employment opportunities. (See Cost/Benefit Analysis attached). She stated that the amount of taxes, currently at \$226,000, is a miniscule amount when looking at the City's budget.

Mr. Flower diverted from the presentation momentarily to welcome and introduce the Board's newest member, Mr. Elijah Feinstein.

In answer to a question raised by Mr. Farrell Chatelain, Prof. Weiss advised that Capital One paid the current (2010) taxes and that Capital One agreed to maintain branch operations at this location if the project moved forward. The application, she pointed out, stated that if this project did not move forward, Capital One may not stay at the location. Current taxes are approximately \$149,000 but the developer is seeking a PILOT in the amount of \$128,000 based on the sale price of the building. Mr. Philipson interjected that based on what has been explained by Prof. Weiss, it appears that the costs and the benefits is a "wash", to which Prof. Weiss agreed. She also advised that the developer planned to close in March 2011.

Mr. Pres Kabacoff, of 313 Carondelet and HRI Properties advised that a team has been working on the Hibernia Building and its historic value in connection with the rehabilitation of this project for almost five years. It is a \$60M deal within the margins and State credits of \$8M will stop this year if the project is not finished. He advised further that the developers are working with Capital One to bring the sale price down to \$5M in order to rush construction. In answer to a question by Mr. Allison Randolph, the Board was advised by Mr. Kabacoff that financing was in place but was not final and that work is to start within a week so as to be completed by the end of the year.

Mr. Chatelain stated that he is in support of the project but would like to be assured that the property would not be turned into condos down the road. Mr. Josh Collen of 313 Carondelet advised that there are a lot of vacant buildings downtown for office space excluding the Hibernia Tower. To do the financing for this project, the developer cannot afford to be specific and exclude condos, but that at this time, nothing is locked in. Mr. Kabacoff interposed that HRI will be moving its offices to the 313 Carondelet Complex and added that turning residential space back into office space is costly. He added that he didn't think they could make that kind of a commitment for the development. Mr. Chatelain stated it would be a good idea for the City of New Orleans in keeping downtown an office central rather than a residential neighborhood. Mr. Kabacoff advised that he respectfully disagreed with the idea and reminded the Board that historically, Poydras Street, after the decline of the oil industry in New Orleans, took advantage of the current market, making it a mixed-use neighborhood with office space, retail and housing and asked the Board to consider the 313 Carondelet development, as proposed, to be a good thing for the City.

Mr. Stanley McDaniel of the McDaniel Group then made his "but for" presentation. Prior to presenting, however, he informed the board that based on his research, populations are now moving back into the CBD all over the country. Mr. McDaniel informed the Board that current taxes, 2011, are \$156,000; that \$149,000 were taxes for 2010; that the developer's request for

\$128,000 as a PILOT payment (an amount less than what is generally considered by the Board in most instances), is less than the current or last year's taxes and that the request is based on the sale price of approximately \$6.2M. (See copy of McDaniel analysis attached). He further stated that what should be noted by the Board in considering the PILOT request is year 2014 which is noted as the stabilized year, adding that it is anticipated that "lease-up" of the building will be quick, per the market study. Based on his review, it appears that lease up will be realized in 2013 rather than 2014. This should be included as an additional bullet in the analysis under Operation Pro Forma. If this occurs, this would generate more revenue than projected. He added that this should be noted when considering claw backs for the project. Mr. Thompson asked that with acceleration, would a temporary certificate of occupancy skew the numbers. Mr. Randolph asked that if accelerated now how much more would it cost. The response by Mr. Kabacoff was \$2M. Mr. Kabacoff furthered his statement adding that as the developers, they had no objections to claw backs but that they wished to keep the amount stabilized. Mr. Randolph asked if there were any comparables to which Mr. Kabacoff responded that he did not know of any comps but in doing the math they run the risk of losing the CDBG (Community Development Block Grant) in the amount of \$4M if the project isn't done timely. In other words, they can lose both the State, new market tax credit and the CBDG.

Karl Kehoe of the Real Estate Tax Group and a consultant to the developer was recognized. He advised that the sale price is approximately \$6.1M with space at \$27 per square foot (PSF). Chevron Building, he advised, was sold for \$6M with space at \$15 PSF. Taxes are generally estimated by the sale price only in the first year. Mr. Philipson then reiterated that the wash was at \$128,000 and motioned for an approval of the PILOT amount at \$128K with claw back provisions to be determined. Mr. John Koch then asked by what standards would the claw backs be developed. Mr. Flower stated that procedures need to be established and that it is expected that there will be a reasonable stream of revenue to the City. Mr. Collen then suggested that as part of the development team, they would like to work with the Board on the claw backs. Ms. Sharon Martin then asked if the annual fee would be based on the "as built" appraisal or the appraisal when the project was completed. Bond counsel, David Wolf, advised that closing fees would be determined when the bonds are delivered and that the Board would start with models of similar structure, increasing PILOT payments with increases in revenues as part of the claw backs. Claw back coverage as expressed by Board members including the President and Vice President are necessary as well as sales taxes from local material purchases, hiring of locals, strong commitment of use of local small businesses including DBE and WBE's. Mr. Justin Augustine added that if the sub is an out-of-town firm, bringing crews with them, he would like to make sure they are housed in Orleans Parish.

Mr. Tom Crumley of Woodward Interests, and party to the 313 Carondelet Complex, stated that Woodward Design, different from Woodward Interests, is well aware of IDB provisions but that attempting to satisfy some of these requests will be difficult. Because of the time element, certain subs will be needed to meet the schedule. Mr. Flower informed the developer representative that the IDB believes out-of-town subs can hire locally and that all efforts should be taken to ensure this happens. Mr. Randolph added there were local contractors with bonding capacity who are often overlooked and it would be appreciated if every effort would be made to include these local companies.

In light of the PILOT request being based on the sale price and the developer hoping to lower the sale price, the developer was asked if it planned on coming back to the Board to get the \$128K PILOT amount adjusted downward. Mr. Kabacoff assured the Board that it had no intentions of returning. Mr. Wolf, however, reminded the Board that the developer will come back for final approval of the proposed claw back provisions. The Board 's vote today on the \$128K base PILOT amount is not final until the Board has reviewed the PILOT claw back language for approval.

By motion of Mr. Philipson and seconded Mr. Darrel Saizan, the vote passed as follows: 12 Yeas and 1 Nay.

ELECTIONS

A motion was made by Mr. Baptiste and seconded by Mr. Philipson, for the re-election of all current officers; Mr. Walter C. Flower, III, President; Mr. Allison Randolph, III, Vice President; and Mrs. Susan P. Good, Secretary-Treasurer. The vote was unanimous for the re-election of all officers of the Industrial Development Board for 2011.

OTHER BUSINESS

Mr. Wolf informed the Board that the Zelia and Holy Cross issues were closed in December.

JOB/SKILL MATCH PROGRAM

Mr. Flower advised that the consultant completed the program and a presentation of the program was made at HANO in December. The program will have approximately 20 job consultants/mentors who will be assigned to each registrant and the program will be worked through Prof. Khalil Osiris' group and Central City Partnership. There will be an office located in the offices of Central City Partnership. The phone component to the on-line program will be installed and allow any registrant to dial in to get personal information or direction. The on-line site will post a component that provides training data and will also include case management, employer-employee relations. The program is called "**Crescent City Job Match**". Mr. Flower added that Mr. David Gilmore of HANO suggested that IDB and HANO approach the City seeking to have the City's jobs posted on the site as well. Mr. Philipson will take the lead on this and will get with Mr. Andy Kopplin, the City's Chief Administrative Officer. Mr. Flower then asked Mr. Eric Strachan to expound on the program's status. Mr. Strachan advised that access to the program at this time is closed. User names are being created for the Board and he will email the site to all board members. Mr. Flower advised that after the system has been tested, i.e., shows the process and it works, the program is expected to go public with a press conference announcing the system.

Mr. Greg Favret of Catholic Charities' alternative staffing program, informed the Board that he would like to make sure employees are getting mainstream jobs. CCANO currently has 150 individuals in their data base seeking employment. Mr. Flower stated that he just heard about the work being done by Catholic Charities and would like to see what they are doing and have done.

Mr. Charlie Manning of the LA. Carpenters' Regional Council (the Union), advised that the many trades of construction offer training and are always looking for new young people to train. Currently, there are 160 apprentices. The trades also work with Delgado. Mr. Flower advised Mr. Manning that it is possible that training offered by the unions could be one of the sites on "Crescent City Job Match".

CITY COUNCIL ORDINANCE RE ATTENDANCE

The matter was tabled until February's meeting.

FINANCIALS

Budget

Mrs. Good presented the amended budget for review and approval. After discussions a motion was offered by Mr. Thompson and seconded by Mr. Randolph for approval of the budget. Upon vote, the amended 2011 budget was approved unanimously.

December Financials

Mrs. Good informed the Board that there are some adjustments to be made by the accountant as certain bank statements were not yet received at the time the reports were prepared. The amended financials would be re-distributed at the February meeting.

ADMINISTRATOR'S REPORT

Ms. Martin presented her monthly report, noting the following actions in particular. As a result of the review of the Zelia Lease Agreement, the IDB will invoice Zelia \$50K for 2011 Annual Administrative Fees. This is an additional \$50K not initially included in the proposed budget. Collection of annual administrative fees were underway with Hancock Bank and a report showing what has been collected to date is included her report. With regard to employee health insurance, Ms. Courtney Bagneris informed Ms. Martin that the IDB as a city agency can piggy-back employee insurance needs. Contacts were made with Councilmember Guidry's office re the term expirations of Mr. Thompson and Mr. Koch; and with Councilmember Jon Johnson office and his open appointment.

The meeting adjourned at 2:05 PM.

/s/

Susan P. Good, Secretary/Treasurer -
APPROVED February 15, 2011



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Also Present:

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Terri Baptiste Franklin, Regions Banks
Erick Jungbacker, Downtown Development District
Stephen Stuart, Bureau of Governmental Research
Scott Murphy, Iron Workers
Damon Burns, Morgan Keegan
Tiger Hammond, AFL-CIO
Mike McCoskey, KBK Enterprises
Valerie Brown, Housing Authority of New Orleans

Mike Williams, La. Economic Development
Jessica Anderson, Housing Authority of New Orleans
Jim Livingston, City Planning
Yusef Freeman, McCormack Baron Salazar
Pharissa R. Dixon, Housing Authority of New Orleans
Laura Tuggle, Housing Authority of New Orleans
Jim Kelly, Providence
David Gilmore, Reg. Commissioner, Housing Authority of New Orleans
Christopher Robertson, Hyatt
Michael Smith, Hyatt
Tricia Gimber, Hyatt
Bob Gigliotti, AP Poydras
Aimee Quirk, City of New Orleans
Wayne J. Neveu, Foley & Judell
Tessa Jackson, AFL-CIO Housing Investment Trust
Ian Riekers Trivers, AFL-CIO Investment Trust
Monika McKay, Columbia Residential
Ernest Gethers, City of New Orleans
George Gates, Housing Authority of New Orleans
Tony Cacioppi, Road Sprinkler Fitters
Royal Robins, Couture Floor, Inc.
Gary Warren, Carpenters Union

The meeting was opened at 12:38 PM by the President, Walter C. Flower III. Mr. David Gilmore and Ms. Pharissa Dixon of HANO were acknowledged. Because there was no quorum at the time, the President requested introductions by all guests. After introductions, Mr. Flower began an overview of the Job/Skill Match program and its nearness to completion. HANO is handling the input at this time and counselors are being provided by the Central City Partnership and Prof. Khalil Osiris. The program is being tweaked and will be ready to launch soon.

The meeting was officially called to order at 12:43PM. A roll call was conducted and a quorum confirmed. By unanimous vote of the Board, the minutes of the January meeting were approved.

Bond Counsel, David Wolf, provided the Board with a proposal to amend the agenda to include consideration of the re-subdivision of property involved in the 930 Poydras projects. The motion was offered by Mr. Edwin Shorty and seconded by Mr. Darrel Saizan. The Board voted unanimously to amend the February agenda accordingly.

B. W. COOPER AND LAFITTE

David Wolf (as Issuer Counsel in these matters) presented that the PILOT language in both the Cooper and Lafitte projects was similar to those drafted in the Zelia development and that there is no issuance of bonds in an effort to keep the costs down. The matter will be structured with closing documents including an annual fee. The IDB will take title and there will be a 100% tax abatement from year 1 - 15, with partial payments of taxes each year for years 16 - 30. He then turned the matter over to Bond Counsel, Wayne Neveu of Foley & Judell, who thanked both

Messrs. Ray Cornelius and David Wolf for their assistance in developing the language for the PILOT in the Lease Agreement.

Mr. Neveu advised that time was now a critical element in getting these matters closed before March 31, 2011, as the placed-in-service date was now December 31, 2011 for both projects - (the remaining phases of the Lafitte and the onset of the B. W. Cooper). At this time, he introduced Mr. David Gilmore, the Regional Commissioner of the Housing Authority of New Orleans (HANO).

Mr. Gilmore stated that he appreciates the relationship that has been developed between the IDB and HANO. The object, he stated, is to restore HANO to a fully functional, contributing partner of the community. He opined that for a city to function, it must be able to sustain diversity and offer opportunities. Asking for a PILOT provides the financial assistance needed to get these developments up and running. Completion helps the tenants contribute to a fair base for employment, engage in activities with the school system and make a contribution to the tax base. HANO and IDB have partnered to ensure that through job opportunities, job match services, and the requirement that all companies (contractors in HANO projects) post job openings, opportunities will be expanded. He stated that he and HANO are committed to working with Mr. Flower and the IDB.

Mr. Saizan stated further that Mr. Gilmore is the first HANO representative to understand what the IDB is seeking to accomplish and thanked him for his presentation. He asked further if there were any proposals encouraging homeownership. Mr. Gilmore advised that HANO has a division dealing directly with homeownership and that HANO has probably done more to encourage homeownership than known publicly through its scattered sites program. There is a detailed work plan for homeownership and HANO will be issuing a strategic plan addressing just this issue. Section 8 vouchers can be used not only for rental but also to support homeownership. He further advised that HANO has moved funds from a national bank to a local bank, Liberty, as a means to support affordable mortgages.

Mr. Neveu's overview reminded the Board that it previously approved PILOTs for all four HANO projects. That approval included a period wherein no PILOT payments would be made between years 1 - 15. Starting with year 16, the balance of the non-ACC units, the market rate units, will pay a percentage of the fully assessed taxes as a PILOT payment. The land is owned by HANO and is tax exempt. A template, he advised, is included in the proposed PILOT language. The PILOT claw back language also includes an increase in PILOT yearly payments tied to "net revenues" with an annual audit to be conducted for review of revenue performance. Claw backs are also tied to local hiring and use of local businesses during construction and a failure to meet these targets of employment, etc. will require an increase in PILOT payments.

As to the 40% employment target, Mr. Gilmore advised that he was reluctant at this time to say "yes" or "no". However, his commitment on the part of HANO is to make certain the 40% is not the "floor" but rather the "ceiling". He stated he'd like to set the bar high enough so accomplishments are achievable. Mr. Neveu advised that both Messrs. Cornelius and Wolf were

working vigorously with him on the PILOT language and associated claw backs so as to accomplish the objectives of the Board.

Mr. Flower reiterated that a definition of a local contractor/sub-contractor was still being weighed, anticipating clarification with the help of the City. He advised that one factor used as a standard in other cities for a definition is that control must be vested in the office located in the City where the project takes place. He added that another issue is the attempt to determine the valuation for the basis of a PILOT. He suggested that the Assessor be included in the process providing an assessment for the last 15 years of the PILOT arrangement (years 16 - 30), understanding that the Assessor can only use current millage rates. Mr. Neveu advised that an opening was left for a committee to work with the Assessor when the draft language was completed. Mr. Flower suggested that perhaps Ms. Aimee Quirk, the Mayor's Executive Consultant on Economic Development, could assist with the introduction to the Assessor so as to avoid any ambiguities.

Mrs. Susan Good queried as to whether the Developer could sell out, and if so, can this agreement be changed. Mr. Neveu responded that as you go to closing, arrangements will be "fixed". However, the developer as the "managing partner", with the investor owning 99.9% of the project can be changed. The investor, in Article of Partnership, can ask for a better qualified entity to complete the project. The tax payments will stay in place and any new, qualified managing partner will be subject to all agreements made.

Mr. Wolf summarized the presentations made, advising there are two objectives of the Board involved in these closings. The first is employment during construction. The Board's objective is 40% local hire (New Orleanians) on an average daily basis in both the Cooper and Lafitte. During the first two years 2012-2013 if there is a shortfall, the developer will pay a claw back payment. After the first 2 years, years 1 - 15 there will be no PILOT payments on both the public and market rate units. However, years 16 - 30, the PILOT would equal a percent of the property taxes that would be due, corresponding to the number of non-public units, market rate units. In the Lafitte 44.44% are non-public units, (these percentages may change up or downward). On the B. W. Cooper development, 65% will be fixed based on the millage. Claw backs will be based on "net income" provided on the pro forma submitted to the financing agents. If the income exceeds the projections, the additional profitability is to be paid to the City.

Mrs. Good then interjected that she was of the understanding that the claw back would be tied to "gross income" and not "net income". Mr. Neveu asked if the gross revenue is the target in both HANO and non-HANO projects. Mr. Flower responded, stating the objective is that if a project does better than projected, the City should share in the benefits and the reason for tying to "gross revenue" is that it does not allow the developer to prep up expenses. At this time, Mr. Matt Morrin with Enterprise/Lafitte stated he understood the concept but was reluctant to agree to this until the language was complete as the State will also have a call in the excess. Mr. Elijah Feinstein, in an attempt to recap Mr. Morrin's concerns, stated that what his understanding was that Mr. Morrin was not saying "yes" or "no" at this time but that he couldn't commit and would have to go back to his investors. Mr. Neveu stated this is a messy call in light of the fact that at the same time the State has demands. It appears that the formula used is keyed off revenue

[gross revenue]. The question arose as to how one can cap expenses. It was suggested that the IDB could demand no additional expenses until the IDB's review of said expenses are approved based on what was projected at the time of the PILOT approval. Mr. Flower emphasized that the matter must be resolved, that the IDB needs a commitment to protect the City but the IDB also wants to be fair. Mr. Wolf interjected that based on the discussions had, HANO and the Developer can work together to put language in place and same would be reviewed by him and/or Ray Cornelius with a March presentation to the Board. He emphasized that the Board has already approved the PILOT and that it is the claw back language that is to be finalized. The draft of the Lease Agreement will be filled in with the 40% local hiring, not Surrounding Metropolitan Area (SMA).

Mr. Neveu continued, advising that two Resolutions were being submitted to the IDB - one for the B. W. Cooper and one for the Lafitte and that both delineates the history of approvals by the IDB for the matters. Mr. Flower interjected that there must be a basic concurrence to work with the Assessor on those units that are non-public to assure the proper tax (PILOT) is being paid by the developer in each case. Mr. Morrin stated that the "as built" appraisal is being worked on but that he has concerns about the 40% local hire, New Orleans commitment rather than SMA. Mr. Flower stated that 40% new hires will not work if New Orleans is not the 40%. Mr. Gilmore stated he agreed with Mr. Flower. Mr. Flower added that the effort is being made to ensure those hired will be competent workers. In line with the resolutions proposed by Mr. Neveu, Mr. Wolf advised that such resolutions reflect discussions of today advising further that all issues should be final and ready for the March meeting. Mr. Neveu added that he would like to get everything completed as soon as possible.

POYDRAS PROPERTIES HOTEL HOLDINGS (THE HYATT)

Mr. Chris Robertson, Sr. representing the developer, advised that the Hyatt project is approximately 50% complete and on target for an opening on or before November 1, 2011. He informed the Board that they are currently engaged with contractors and subs, trying to develop a monitoring system for goals of the PILOT but it remains a moving target. Contractors have been asked to do internal audits at this time to determine percentages of local contractors, amounts paid, and percentages of local employment (from New Orleans). Mr. Flower informed Mr. Robertson that the Board received the report last night. Mr. Robertson continued advising that 50% of the workers are union workers and 79% of sub-contractors are local. 94.81% of total employment is based from the New Orleans Metro area. This, too, is a moving target while going through the many phases of the project. The project is now entering the final phase (mechanics, electrical and plumbing). It is anticipated that this project will beat the 38% minimum set by the IDB.

Mr. Michael Smith, Manager of the Hyatt, presented that at this time the Hyatt is a universe of approximately 15 people, 11 locally based, the majority doing pre-sales. Of the 15, 9 are in sales and marketing. Upon confirmation, Mr. Smith advised that 38% of those employed during construction were local and that during operation, the Hyatt has committed to hiring up to 90% local. He further advised that in conjunction with the Urban League, they will provide training to fill positions for work at the Hyatt during operation. With both the IDB and the Hyatt's joint

venture with the Urban League, this will be a great business model. The Hyatt is committed to economic development in the City of New Orleans.

Mr. Flower, after listening to both presentations by Mr. Robertson and Mr. Smith, informed the developer that there needs to be improvement in communication. To no avail, Mr. McDaniel has attempted, on several occasions, to get the hiring report that the Board required. He also submitted a format to which he received no response. Mr. Flower then directed Mr. McDaniel to review the report submitted by the Developer, make comments and advise whether additional information is needed. Mr. McDaniel stated that based on his cursory review of the report, which he received last night, there is a need for him to be able to capture the information from hard documents. Mr. Robertson interjected that many man-hours went into what was presented and they have asked for certain documents from the contractors which have been pushed back by the contractor. Mr. Flower emphasized that it is imperative that Mr. McDaniel has access to information to validate the numbers provided in the report. Mr. McDaniel added that the report gives a snapshot of the employment. He will not be asking the contractors to provide something they don't already have. The final determination was that a meeting should be arranged between the developer and Mr. McDaniel. Mr. McDaniel will provide a brief report to the Board on this matter.

INSURANCE

Mrs. Good informed the Board that based on research by Ms. Martin, the City has advised that IDB can participate in the City's employee health insurance plan. The cost is approximately \$347.00 per month with the City bearing approximately \$245 of the cost and the balance, \$102, borne by the employee. Mrs. Good motioned for the IDB to provide health insurance to Ms. Martin, with \$245 to be paid by the IDB and the \$102 (difference per month) be provided to Ms. Martin as \$102 per month increase in salary from which the employee's share of the health costs would be deducted. The motion was seconded by Mr. Edwin Shorty and passed unanimously. Ms. Martin is to research how to implement the application.

AUDIT/FINANCIALS

Mrs. Good presented that as soon as the 2010 accounting records and 1099's have been produced and verified, contact will be made with the auditors to begin the 2010 audit.

The Board was further advised that collection of the annual fees is moving along smoothly. There is but one outstanding fee to be collected. Mrs. Good also informed the Board that as a result of these collections, the Chase account is now over the amount protected by the FDIC and suggested establishing an account at another local bank with at least \$100K of the overage/excess.

Mr. Farrell Chatelain queried as to whether or not the office phone issue was resolved. Ms. Martin explained that after the last discussion with the City, the cost of the phone has been reduced from a \$368 one-time fee to a \$165.00 one-time fee. She explained that a second phone is necessary in the office with two employees and further advised of the inconvenience of one

phone. By motion of Dr. Ronald French and seconded by Mr. Chatelain, the Board unanimously approved a second phone in the IDB office.

930 POYDRAS RESOLUTION

Attorney Wolf informed the Board that 930 Poydras comes before the Board seeking approval of a resolution wherein all parcels involved in the project become one single lot. The request of the City Council must be signed by the Board. The single lot would become KY261 in the 1st District. There will also be a letter from 930 Poydras with indemnification. By motion of Dr. French and seconded by Mr. Saizan, the approval to move forward with the request for a single lot through the City Council, the letter of indemnification and approval of the resolution passed unanimously upon vote.

BLADE DYNAMICS

Attorney Wolf provided an overview of the project, advising the project is a manufacturing facility which could provide up to 600 jobs, totaling \$25M in salaries, over a period of time. The State is participating in the project with its purchase of the equipment. There is no PILOT involved. The State is granting a 10-year property tax abatement because the project is a manufacturing facility. The IDB's participation will be by way of taking ownership of the equipment pursuant to a Cooperative Endeavor Agreement. In the past, he explained, the State has done this type of transaction through the incubator program at the University of New Orleans. The process through UNO is a bit more time consuming and time is critical to the project. The property/equipment to be purchased by the State will be transferred in to the name of the IDB, a third party. As explained by Mr. Wolf, this will look like a PILOT, the IDB will own, on behalf of the Department of Economic Development, the equipment. Upon maturing, the equipment will be returned to the developer. The agreement is similar to other bond issuances. He then introduced Mr. Michael Williams of the State's Department of Economic Development who advised that 98% of the jobs will be for Louisiana citizens including the New Orleans metro area. These will be quality jobs and are incentivized. Mr. Saizan commented that Louisiana citizens should get first crack at these jobs. Mr. Wolf interjected that this project will have the same indemnity as other IDB projects. Only in this instance there is no real property only equipment subject to a Cooperative Endeavor Agreement. The matter will be handled as if it were a bond issue, providing the IDB with a yearly administrative fee of \$3,000. The IDB will serve as a trustee.

A motion was requested for approval of the IDB's participation as a trustee of the equipment purchased for the Blade Dynamics project by the State's Department of Economic Development, with a \$3,000 administrative fee payable to the IDB. A motion was offered by Mrs. Helen LeBourgeois and seconded by Mr. Shorty. The vote passed unanimously.

ADMINISTRATOR'S REPORT

Ms. Martin pointed out a few issues in the report including: the status of collection of the annual fees with only the Wal-Mart fee outstanding; an update on the status of expiring terms; re-coup of EarthLink double charges totaling approximately \$40; and the assistance provided to Sam Joel

of the Tax Fairness Commission in reference to the IDB and PILOTs She then invited the Board to review the report and if any questions, to please call her.

The meeting adjourned at 2:28 PM.

Susan P. Good, Secretary/Treasurer
APPROVED March 15, 2011

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD**

CITY OF NEW ORLEANS, LA, INC.

**MARCH 15, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Ronald G. Baptiste, Jr
Walter C. Flower, III
Allison B. Randolph, III

Farrell J. Chatelain
John L. Koch
Darrel J. Saizan, Jr.

Elijah M. Feinstein
Alan H. Philipson
C. David Thompson

Absent:

Justin T. Augustine, III
Helen LeBourgeois

Dr. Ronald J. French
Edwin M. Shorty, Jr.

Susan P. Good

Also Present:

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

Guests:

Steven Kennedy
Keith B. Key, KBK Enterprises
Michael Kaufmann, IUPAT
Tony Cacioppo, Sprinkler fitters 669
Matt Morrin, enterprise
Terri North, Providence
Michelle Whetten, enterprise
Maximus A. Perdomo
Kirk Lee, Cement Masons Local 567
Thomas Beh, Elkins, LLC
Stephen Stuart, Bureau of Governmental research
Aimee Quirk, City of New Orleans
Damon Burns, Morgan Keegan
Ernest Gethers, City of New Orleans
Tesse Jackson, AFLCIO#II
Emily Allison, D&B
Laura Tuggle, Housing authority of New Orleans

David Gilmore, Housing Authority of New Orleans
Stanley McDaniel, the McDaniel Group

The meeting was opened at 12:345 PM by the President, Walter C. Flower III. Introductions by all guests were held. A roll call was conducted and a quorum confirmed. By unanimous vote of the Board, the minutes of the February meeting were approved.

B. W. COOPER AND LAFITTE

The President provided an update on the work that has been accomplished to-date related to PILOT language and claw backs in each project. In his overview, he advised that each property would be tax exempt for years 1 - 15; in year 16, taxes would be paid based on a percentage of the taxes that would be due on the non-public units (a percentage which would be worked out based on the Assessor's assessment of "value" on the "as constructed" property. The Developer is being required to hire 40% of Orleans Parish residents and failure to do so will trigger an increase in PILOT payments based on a one-time penalty based on the failure to meet the target during construction. Example: Should the developer hire only 20% locals during construction, he would have failed to meet the target by 50%. Accordingly, the Developer would be required to 50% of the property taxes that would be due on the "as built" goals. further, he explained to avoid profit inflation, associated with the supplemental PILOT payments after construction, negotiations tied any increase in revenue above that projected in the pro forma to "net revenue". Should net revenue e greater in any given year, the City has the right to collect taxes against increased revenues. During the process, he learned that units that have Section 8 subsidy or any subsidy through the government can be, at any given time, cut back. HANO and OCD (the Office of Community Development) will watch these numbers to ensure there is no padding. Mr. Gilmore agreed that the City should come first in the case of increased revenue. Net revenue was negotiated rather than gross revenue.

Mr. Flower offered the floor to bond counsel, Wayne Neveu. Mr. Neveu agreed with the summary provided by Mr. flower, adding that to flush the numbers, an independent audit on all related purchases and expenses have been included in the language of the lease. This will force the Developers to observe the operations and the Net Operating Income (NOI) factor. Any increases in the expenses based on the NOI, as listed in the pro forma, will have to be explained. Claw backs associated with the Net Operating Income will nullify concerns regarding the use of gross revenue. Mr. Flower added that using this formula could potentially result in greater benefits to the City in terms of supplemental PILOT payments. Such language will be imbedded in the Lease Agreement. He noted that in lieu of the supplemental PILOT payments being tied to gross revenue, the NOI will be the benchmark and 1) any surplus that falls after all bullets have been filled that are slated to go to the investor, the City will get 75% of that amount immediately. 2) To the extent the NOI exceeds projects, the city gets 100%. Pro forma on each project will be imbedded in their respective Lease Agreements.

Mr. Baptiste asked if "unnecessary costs" will be clearly defined. Mr. Neveu advised there will be an annual audit and that the Lease Agreement will clearly identify details. A copy of the pro forma for each project was distributed to each board member.

Mr. Flower added that employment levels and local workers have been made specific but the use of local contractors is still nebulous. Employment of local [New Orleanians] is set at 40% and is the highest target set to this date on any project granted a PILOT by the IDB. He assured the Board that Mr. Gilmore embraces this condition. The calculations of the one-time penalty will be based on the entire construction period. Mr. John Koch asked if the audit will be tied to the NOI each year. Mr. Neveu stated that such an audit is a requirement set by the State and it will provide a truer NOI figure. This is a part of the advanced rules required by the State and HUD and that the IDB will see that the City's interests are being protected. Mr. Koch stated that he wanted to be assured there will not be some "down-the-road" argument concerning the audit requirement. Mr. Farrell Chatelain, after reviewing the pro forma, questioned the handling of the management fees in each project. Mr. Neveu directed him to the pro forma in the Cooper matter and advised that management fees will be refined. He also advised that the copies of the Lease Agreements are still not in a final draft. The Lease Agreement will stipulate the types of reports required from the Developer. Mr. Flower thanked Mr. Neveu for the hard work and creative thinking infused in negotiating the claw backs and confirmed that language covering the audit is imbedded in the Lease Agreement.

Board members then contested the Investor Asset Management Fees and the Member Asset Management Fees in the pro forma and required its removal. Discussion of the audit and PILOT and claw back language imbedded in the Lease Agreement continued. Mr. Neveu added that there are two significant investors in each project: HANO and the State of Louisiana, adding the CDBG funds which are dedicated to recovery should flow through the City. He suggested that Aimee Quirk as the Mayor's Executive on Economic Development get with the Mayor to make sure the City is getting the funds. He added that HANO and the State (OCD) are reviewing and measuring performance on project and actual numbers.

Mr. Gilmore stated these two projects are among the most operationally scrutinized not only by HANO but also by OCD (who also has a financial interest). In addition to those two entities, the LHFA (Louisiana Housing Financing Authority) has an interest. He pointed out that the same scrutiny will apply to the financing structure and, to his estimation, there is very little "wiggle room". Mr. Chatelain then asked Mr. Flower for his overview of the negotiations on behalf of the IDB which he [Mr. Flower] conducted. Mr. Ray Cornelius interjected at this time stating although he cannot answer for Mr. Flower, he can say that he observed Mr. Flower's performance and at all times his [Flower] concerns were in the best interest of the IDB, (the Board and the City); and that his rendering of approval of the claw backs were subject to final approval by the Board. Mr. Chatelain asked then who would be monitoring these projects.

Mr. Allison Randolph noted that income figures in the pro forma were all based on close to 100% occupancy and asked how such an occupancy projection can be realized, and asked further what is "miscellaneous income". Mr. Neveu advised that there is a 70% vacancy assumption; that the majority of the units are subsidized; and that because of the housing shortage in this capacity, analyses show there will be a high demand for these units. This assumption is based on a report issued by the University of New Orleans (Ivan Miestochovich). "Miscellaneous income", he explained, will be generated from the laundry facility on site and any vending machines, key charges, etc. It was explained that the pro forma would not be adjusted (less the Investor Asset Management Fees and the Member Asset Management Fees which will be deleted

from each pro forma) and if adjusted, only in favor of the IDB. Mr. Neveu assured the Board that each pro forma will be imbedded in the Lease Agreement. The NOI will be fixed at the time of closing in accordance with the pro forma.

Mr. Baptiste expressed his concern in voting on a number in the pro forma that wasn't detailed in terms of expenses. Mr. Neveu stated that he understood and asked if it is the Board's desire to have the Developer provide a description of staffing. He also advised that a Resolution was to have been sent in time for presentation of these matters but unfortunately, he was not able to present it at this time for signatures. Staff was then asked to secure the Resolution immediately from Mr. Neveu's assistant via email, and copied and distributed.

The President then asked for a motion subject to the receipt of the Resolution to approve the PILOT language and claw backs subject to the deletion of the Investor Management and Member Management Asset Fees in the pro forma. The PILOT language in the Lease Agreement (Exh. B1 for the Cooper and Exh. B2 Lafitte) with detail of expenses. Same was offered by Mr. Alan Philipson and seconded by mr. Randolph.

Prior to the vote, Mr. Cornelius provided a recap. The deficiency would be multiplied by a number fixed/tied to a percentage of the assessed value and it would be a one-time assessment for supplement PILOT payments based on an assessment by the Assessor on the "as built" project. The Assessor will use a "cost" approach in determining said value. Supplemental PILOT payments thereafter would also be tied to NOI based on the pro forma which NOI will be a fixed (possibly with some modification). After that number has been derived, the City will be paid increased taxes before OCD and HANO. There will be an annual fee based on the full cost of the project, e.g., 1/20th of 1% = \$5,000 in this case, and it would be equal approximately \$13.5K per year using full cost on the second phase of the Lafitte and the Cooper.

Discussion then arose as to who is being granted the PILOT, HANO or the Developer, and what would another developer assume if at any time the development was sold. Mr. Cornelius explained that the granting of PILOTs are specific. If the developer sells the project, the new owner would pay taxes on the project and would assume all conditions of the Lease Agreement.

Based on the modifications provided by Mr. Cornelius to the original motion, a vote was then taken. By unanimous vote, the Board approved the granting of a PILOT in each project including all associated claw back conditions as based on the original motion and the supplemental modifications. The Board awaited delivery of the Resolution.

EMPLOYEE HEALTHCARE

Ms. Martin informed the Board that a letter was delivered to Mr. Andrew Kopplin, City's Chief Administrative Office and First Deputy Mayor, addressing the IDB's request for the participation of Ms. Martin in the City's healthcare program. That based on a most recent email from Mrs. Courtney Bagneris of the Employee Relations Office, under Mr. Kopplin, a response should be forthcoming by Friday, March 18, 2011.

COUNCIL ORDINANCE RE ATTENDANCE

The Board was provided with a copy of the Ordinance. Ms. Martin reminded the Board that said Ordinance was to have been addressed at previous meetings but was tabled. Mrs. Good previously expressed concern over the condition that in essence stated, "that if a Board member leaves a meeting prior to its conclusion, said member would be deemed absent". The President stated that the Ordinance should reflect language that if all issues requiring a vote have been addressed, which vote requires a quorum, the member shall [should] be deemed present at the Board meeting. Mr. Cornelius said he would review the law regarding removal of Board members. The City cannot do anything inconsistent with the law.

FINANCIAL REPORTS

In Mrs. Good's absence, Ms. Martin advised that a copy of the February financials were included in Board packets.

ADMINISTRATOR'S REPORT

Ms. Martin provided highlights of the Administrator's report, advising that she is yet working with the City Treasury Department in assuring proper credit of all PILOT payments are being received. Such assistance included tax bill research in connection with LGDI and II, and the Domain Properties (750 Jeff Davis, The Preserve and The Crescent Club). She is still working with the City regarding the healthcare plan and IDB participation. She has been attending the Tax Fairness Commission meetings with Messrs. Flower, Cornelius and McDaniel and work is still in progress to respond to the Commission's requests. This request required research of PILOT projects, determination of the tax status of projects that have matured and their current tax status on the tax rolls and whether or not they have been transferred back into the name of the developer, as well as research of stored records. Per the Board's directive at the February meeting, contact has been made with the Auditor for start of the 2010 audit - per Brent Pagragan [auditor] start-up will take place sometime the middle or end of April. She also attended pre-IDB Board meetings with the City.

JOBMATCH (CRESCENT CITY JOB MATCH)

Mr. Flower advised that HANO is now posting jobs on the site and a few applications have been received. The process/program includes counselors, job readiness, and drug free verification. A computer is being installed at Central City Partnership office and that while not yet ready, a 1-800 number will be assigned for in-coming calls for individual file updates. Before announcing the program to the public, HANO would like to ensure the process is working by having established 15 - 20 applications to measure the program.

The matter was tabled to discuss the Resolution in the Cooper and Lafitte projects.

COOPER AND LAFITTE RESOLUTION

This matter resumed upon receipt and distribution of the resolution. A brief discussion was held concerning the use of Section 8 vouchers used for homeownership. Mr. Baptiste advised that,

based on his experience with the River Garden development, such use of Section 8 vouchers was incorporated and that home ownership was part of the progress of that development.

Mr. Neveu advised that the pro forma would be attached to the resolution as Exhibit A. Again, the pro forma will be imbedded in the Lease Agreement and both pro forma will be modified to delete reference to the Investor Asset Management Fee and Member Asset Management Fee. Only HANO will remain with an asset management. Both entities must agree to the same conceptual terms including all other conditions presented in the final motion.

JOB MATCH cont'd

Discussion of the Job/Match program resumed. Mr. Flower informed the Board that the parties involved in the Job/Match program were concerned about funding for counselors working with the program. Initially, it was thought the City Council would contribute but those funds, after inquiries, were not available. Fundraisers were another possible source of revenue for counselors. Mr. Flower announced that Mr. Gilmore offered a \$25K-match and possibly a grant application to the Greater New Orleans Foundation to obtain the \$25K match will be made.

Mr. Gilmore then took floor. He thanked the Board for all its help in bringing these transactions (Lafitte and Cooper) to an end. The complexities were dizzying he noted. As a result of the processes, he has developed a new understanding and appreciation regarding the protection of taxpayers. He then paid tribute to Mr. Flower, he thanked Wayne Neveu, Ray Cornelius and David Wolf for their expertise and dedication. He then congratulated all others involved, noting these projects will benefit the entire City along with a great opportunity for housing.

Mr. Flower then thanked HANO and Mr. Gilmore for understanding the concerns and cares of the IDB.

The meeting adjourned at 2:22 PM.

Susan P. Good, Secretary/Treasurer
APPROVED May 10, 2011

NOTICE OF CANCELLATION

OF THE

BOARD MEETING

OF THE

INDUSTRIAL DEVELOPMENT BOARD

OF THE

CITY OF NEW ORLEANS, LA., INC.

THE TUESDAY, APRIL 19, 2011 MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF NEW ORLEANS, LA, INC. HAS BEEN CANCELLED. THE NEXT BOARD MEETING WILL BE HELD TUESDAY, **MAY 10, 2011**. NOTICE WILL BE ISSUED ACCORDINGLY.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF NEW ORLEANS, LOUISIANA, INC.

April 15, 2011

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD**

CITY OF NEW ORLEANS, LA, INC.

**MAY 10, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III
Elijah M. Feinstein
John L. Koch
Darrel J. Saizan, Jr.

Ronald G. Baptiste, Jr
Walter C. Flower, III
Helen LeBourgeois
Theodore Sanders

Farrell J. Chatelain
Susan P. Good
Allison B. Randolph, III
C. David Thompson

Absent:

Dr. Ronald J. French

Alan H. Philipson

Also Present:

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

Guests:

Mavis Early, GNO Hotel & Lodging Association
Carl Rocque, Damon Rocque Securities Corp.
Ted Kirn, III, Assessor Erroll G. Williams' Office
Pamela Hammond, Elkins, PLC
Thomas M. Beh, Elkins, PLC
Tiger Hammond, SE, La Builders Trades
Mark W. Wilson, OPCMIA
Maximus L. Perdomo, Insulators IU #53
Kirk Lee, Cement Masons, Local 567
Ernest Gethers, City of New Orleans
Stephen Stuart, Bureau of Governmental Research
Stanley McDaniel, McDaniel Group
Gregory J. Favret, Community Staffing Sources
Steven Kennedy
Isaac Dozier, Housing Authority of New Orleans
Jessica Anderson, Housing Authority of New Orleans
Len Henry, Housing Authority of New Orleans
Matt Morrin, Enterprise Homes

Tony Cacioppo, Local 669
Pharissa P. Dixon, Housing Authority of New Orleans
Jeb Bruneau, Advantous Consulting, LLC
Bill Soltz, CBC Tel
Erik Jungbacker, Downtown Development District
Derrick H. J. Francis, City of New Orleans

The meeting was opened at 12:39 PM by the President, Walter C. Flower III. Introductions by all guests were held. A roll call was conducted and a quorum confirmed. By unanimous vote of the Board, the minutes of the March meeting were approved. The President then introduced the IDB's newest board member, Theodore Sanders, who was sworn in prior to the meeting by bond counsel, David Wolf.

DSW, INNS

David Wolf, presenting, advised first that construction work for which the original issue was approved and closed has not yet been started and that the Developer comes today seeking approval from the Board to effectuate a sale from Drury to Wells Fargo. He reminded the Board that that in order to close for the GO Zone bonds, an affiliate of Drury placed the bonds. Now that financing has been secured, Wells Fargo will assume the permanent financing. To affect the sale from Drury to Wells Fargo, a restated trust indenture will have to be issued for the new bond. The developer now seeks authority to execute a Supplemental Indenture and other related documents. Part of the transaction is replacement from Regions to Wells Fargo as Trustee. Any costs, which are associated with these transactions, will be paid by Drury Inns. No additional bond approval is required. Essentially, the transaction calls for amendments to the bond ownership. There will be no other changes.

Mr. David Thompson asked whether this process would always require Board approval, resolutions included. Mr. Wolf advised that the term of the issuance would remain the same but never when transferred from bondholder to bond holder.

The President then asked for a motion to authorize and approve the sale of the bonds from Drury to Wells Fargo for permanent financing and all associated documents. A motion was offered by Mrs. Susan Good and seconded by Mr. Justin Augustine. The vote passed unanimously.

B. W. COOPER AND LAFITTE

Bond counsel, Wayne Neveu, advised that the Lafitte matter closed last month. The B. W. Cooper issue has not yet closed but that plans were underway to close within the next week or so. He assured the Board that its concerns regarding Asset Management Fees and Investor Management Fees were excluded from the pro forma. Accordingly, he presented a copy of a revised 15-year pro forma, illustrating that such items were excluded. He further advised that financing was predicated on use of GO Zone credits to be placed by the end of 2011, adding that the Mayor of New Orleans, the City Council and Senators have asked for an extension to 2012. If not extended, the closing will show 410 units with a bifurcation of GO Zone bonds and a new issuance for the balance. In viewing the pro forma, he advised that it now presents a greater City

benefit with a before figure of 250 GO Zone-built units and balance of 160 with 4% tax credit. He has been working with David Wolf and Ray Cornelius to cover potential bifurcation if it becomes necessary should the GO Zone extension request not pass. He also advised that minor modifications were added to the pro forma to reflect the possible bifurcation, all in an effort to maintain the integrity of what was initially presented to the Board. He advised that the Net Operating Income (NOI) was improved to the IDB's benefit. The black lined NOI ensures there is no sub-deviation. Therefore, any changes in the pro forma as currently presented, compared to the original, are de minimis in nature and reflect the current financing structure. In terms of Cash Flow - unlike the original pro forma - it reflects an immediate PILOT payment to the City equal to 75% of the surplus cash. Additionally, there are two supplemental PILOT payments. One is connected to the NOI in excess equal to 100% to the City, and is imbedded in vacancy loss assumption, and the other is a supplemental PILOT payment equal to an amount associated with failure to reach employment targets, i.e., 40% spread over time of construction. If this commitment is not met, supplemental payments will be made to the City.

Mr. Darrel Saizan then asked about the articles in City Business regarding Mr. Gilmore and employment at the development. Mr. Neveu stated that the specific issues relate to Section 3 and is different from the IDB's conditions. He then deferred the subject matter over to Ms. Jessica Anderson of the Housing Authority of New Orleans. Ms. Anderson stated that the residents of the development are seeking/wanting employment. She added that at this stage of preliminary production, there are only 24 workers. As the project builds, employment will increase. Mr. Saizan added that his concern is the employment of locals and that every New Orleans citizen, resident and otherwise, be given every opportunity to work. Ms. Anderson responded that throughout every phase, local residents have been hired.

In response to questions raised about the extension not being granted, Mr. Neveu advised and reminded the Board that this development includes mixed-income and low-income units, as well as some market rate units. If all of the GO Zone bonds are not used by the end of 2011, the balance will go back to the State for reallocation. If this is the case, Mr. Neveu added that 250 units are to be done with GO Zone credits and the remaining 160 with 4% interest. Mr. Thompson then asked what was required of the IDB if bifurcation becomes necessary. Mr. Neveu advised that it will require a separate Loan Agreement and a separate Lease Agreement for the remaining 160 units as the ownership may be different but all other parties will remain the same.

Mr. John Koch inquired if this would change the dollar amount as it relates to low and middle-income units. Mr. Neveu advised that it would not, adding that the Court of Appeals ruled against the Assessor taxing ACC units, which are controlled by the Co-op Agreement and the City. The City cannot tax these units. However, while Appeals Court has handed down its ruling, they are waiting on a ruling from the Supreme Court. Mr. Wolf added that it is important to note that in the 16th year, taxes will be applied to all non-ACC units.

Mr. Neveu informed the Board that the Developers are facing deadlines with contractors. There is a locked-in amount for all 410 units through October 2011. Moreover, the 4% financing of the 160 units could evaporate by that time. Mr. Wolf then interjected that all involved are trying to accommodate the uncertainty, but that the Developer may have to come back before the Board.

THE EXECUTIVE SESSION WAS DEFERRED TO THE END OF THE AGENDA.

JOB MATCH

Mr. Flower informed the Board, currently, there are approximately 220 plus applications posted on the Crescent City Job Match site, with four (4) job mentors/counselors working on-site with applicants/applications. Counselors are vetting the applications to ensure applicant qualifications. He also advised that relationships have been developed with Central City and Jackson Avenue Healthcare wherein other social services such as bus fare is worked out for applicants who need it. These entities are searching for additional resources. He further advised that HANO began posting jobs and is ramping up the effort to get more listings posted. Mr. Gilmore is aware of the need to post more jobs and is pressuring developers to submit their openings for posting.

He introduced Ms. Pharissa Dixon of HANO who stated that Mr. Flower very aptly presented the overview and she reiterated Mr. Gilmore's commitment to the program. She advised that they are seeing an upsurge from contractors, and that just today, additional job openings were submitted.

Mr. Flower stated that as part of the commitment, HANO pledged \$25,000 towards the salaries for the mentors/job counselors. He reminded the Board that the IDB has spent close to \$15,000 creating the computer program system. At issue now, he stated, is the need to find additional funding for the mentors' salaries. He presented the Board with a request for approval of an additional \$10,000 to infuse in the program. This would then place the IDB's commitment to the program at \$25,000 as well. He stated that Central City Partnership (CCP) is also seeking a matching grant of \$50,000 from the Greater New Orleans Foundation (GNOF). Mrs. Helen LeBourgeois asked how likely is the grant to be given. Mr. Flower said that he is in touch with GNOF and that Mr. Gilmore has also done some investigation and the likelihood is that there is a reasonable chance of getting it. Mr. Ronald Baptiste asked if the Board should get a budget and financial statement from CCP. Mr. Flower advised that the funds collected are going towards payment to the mentor for services rendered. Mr. Baptiste asked about accountability. Mr. Flower assured him that he would make sure everything is done properly. Mr. Allison Randolph asked if the IDB would get records on the number of "hirings" and applications filed/posted. Mr. Flower assured the Board there would be oversight and accountability as he will be involved.

By motion of Mr. Thompson and seconded by Mr. Saizan, the Board voted unanimously to the infusion of an additional \$10,000 into the Crescent City Job Match program for salaries of mentors/counselors through Central City Partnership.

CERTIFICATE OF DEPOSIT

The issue of creating a new certificate of deposit was broached in light of the current cash available in the Chase checking account. Mr. Flower recommended creating a new one (1) year certificate of deposit. The best rate, based on research, is offered by First National Bank of Commerce, which is 1.25% for a one-year CD.

By motion of Mr. Baptiste and second by Mr. Randolph, the Board approved unanimously the creation of a \$150,000 certificate of deposit at the First National Bank of Commerce.

SIX FLAGS

The Six Flags matter concerning the encroachment of vegetation on to the highway was raised. Mr. Flower advised the Board that the City has not agreed to fund the cutting and that the growth has created a public safety issue. He suggested that bids be obtained for the services to be rendered, taking the costs for the grass cutting from the special account at Iberia Bank, which was established with Six Flags monies. Mr. Ernest Gethers confirmed the City's position regarding the cutting. Mr. Randolph questioned if this maintenance was a City responsibility. Mr. Flower advised, "Yes" but reminded the Board that no final decision has been rendered on the funds held by the IDB in the special Six Flags account. Mr. Randolph suggested that the funds be loaned to the City under the circumstances. Mr. Eli Feinstein offered a motion that the IDB cut the vegetation, acknowledging that it is not a continued responsibility of the IDB. Mr. Flower then asked Mr. Gethers if the City was looking for different uses of the property and if the IDB made this commitment at this time, could the City arrange to maintain it in the future.

It was suggested that Ms. Martin conduct a search for contractors which work is to include both the exterior and the interior of the property. This would include the cutting and killing of vegetation along the roadside and a bid for future maintenance.

In light of the public safety, Mrs. Good then asked if it was possible to get a contractor used by the Parks and Parkways Commission. Mr. Cornelius then interjected that because of the public safety issue, he agreed with Mr. Koch in getting a cost-associated figure, providing a \$5,000 umbrella for work outside the Six Flags site but that the contractor must be bonded. By motion of Mr. Thompson and seconded by Mr. Feinstein the Board voted unanimously to get the grass cut by a bonded contractor used by the Parks and Parkways Commission. Ms. Martin will make the contact and follow-up.

Mr. Cornelius then offered to the Board that he be granted the authority to meet with the City to talk about the ownership of the Six Flag properties in light of the fact that ownership may become a liability to the IDB and of no benefit. Mr. Flower stated that he would be in favor of such an action especially if the City is in serious discussion for property use.

After discussion, the Board voted unanimously approving Mr. Cornelius to meet with the City to establish discussions regarding ownership of the Six Flag properties.

CITY COUNCIL ORDINANCE IN RE BOARD ATTENDANCE AND REPORTING

The Board was reminded that this matter has been an agenda item for a few months now. After discussion the Board agreed that a member should not be considered or counted absent if a meeting is cancelled (see Ordinance (As Amended) No. 24132 Mayor Council Series, adding Section 2-87, in particular Section 2-87 Attendance of Board Members, 2.(2)b) referencing: A Board member who is physically present at a meeting shall nonetheless be deemed "absent" from

the meeting if: b. the meeting is suspended or adjourned at any point after the member leaves due to a lack of a quorum".

FINANCIAL REPORTS

Mrs. Good presented the March financials. She advised that the Budget has been amended to cover the healthcare program. The additional \$10,000 for Jobs Skills/Match approved today would be included when the May financials are presented.

ADMINISTRATOR'S REPORT

Ms. Martin advised that she has been working on a request for the Tax Fairness Commission involving PILOTs (current, active and transferred) from 1980 – 2011. She is working on a template with Mr. McDaniel consisting of a list of active PILOTs, claw backs with terms and conditions and time frames. This will be used to ensure proper reports are received from developers during the monitoring process. Work has been started on the audit with documents having been turned over to the auditor. The office lease agreement with the City has yet to be received. Per Ms. Bobby Snow, it is still in the Legal Department. She added that the monthly rent has increased. A letter from Assessor Errol Williams office was received involving a tax bill that was not paid associated with the Zelia transaction but after an internal investigation it was determined to be associated with the Hyatt matter. The letter was turned over to Mr. Cornelius for assistance. Mr. Cornelius informed the Board that the tax bill involved an air right that no longer exists and therefore there should be no tax bill for it. He advised the letter was sent to the Hyatt for handling. Ms. Martin also advised that in working on the PILOT listing project, it was found that a parcel at 511 Gravier was still in the name of the IDB and that efforts, with the assistance of Mr. Neveu, were underway to get it transferred to the current owner. Ms. Martin stated that signage was posted at the Lafitte project. She reminded the Board that a copy of the Tier 2.1 Financial Disclosure form was included in each member's folder for filing with the La. State Board of Ethics. Deadline for filing is May 15th.

THE BOARD CONVENED TO EXECUTIVE SESSION. ALL GUESTS WERE ASKED TO LEAVE.

THE EXECUTIVE SESSION ENDED AT 2:03 PM.

The meeting adjourned at approximately 2:05PM.

Susan P. Good, Secretary/Treasurer
APPROVED June 27, 2011

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD**

CITY OF NEW ORLEANS, LA, INC.

**JUNE 27, 2011 AT 2:00 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Farrell J. Chatelain
Dr. Ronald J. French
Alan H. Philipson

Elijah M. Feinstein
Susan P. Good
Darrel J. Saizan, Jr.

Walter C. Flower, III
John L. Koch
C. David Thompson

Absent:

Justin T. Augustine, III
Allison B. Randolph, III

Ronald G. Baptiste, Jr
Theodore Sanders

Helen LeBourgeois

Also Present:

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

Guests:

Mary Beth Romig, Mayor's Office
Bill Langkopp, Greater New Orleans Hotel and Lodging Assn.
Richard Allen, HRI Properties
Ernest Gethers, City New Orleans
Bill Soltz, Coldwell Banker Commercial
Barry Kaufman, LIUNA
Derrick M . J. Francis, Mayor's Office
Erik Jungbacker, Downtown Development District
LaSwanda Green, Downtown Development District
Erica Beck, City of New Orleans
Stephen Stuart, Bureau of Governmental Research
Julien Robinson, Stand with Dignity
Colette Tippy, Stand with Dignity
Gary Truvia, B. W. Cooper
Lorraine Washington
Matt Morrin, Enterprise Homes
Natasha Robin, WVUE-TV
Ryan Smith, Coldwell Banker Commercial
Adele London, Good Work Network

Janet Howard, Bureau of Governmental Research
Jeb Bruneau, Advantous

The meeting was called to order at 2:05 PM by the President, Walter C. Flower III. Introductions by all guests were held. By unanimous vote of the Board, the minutes of the May meeting were approved.

313 CARONDELET COMPLEX

The President opened, advising that the 313 Carondelet matter is being postponed until fully reviewed by the City. There are issues yet to be addressed one of which is the 40% local employment target set by the IDB. As of today, there was no commitment on the part of the Developer to adhere. The Developer has otherwise proposed a 50% MSA hiring target and a 50% new hire target. There is no resolution on this issue as of this time. The President recommended that the Board stand steadfast to this 40% local employment target as it has come a standard of the IDB over the past several closings.

The other issue is the level of the PILOT. Mr. Flower reminded the Board that it voted to grant a PILOT in the amount of \$128,000. This PILOT amount was less than the previous year's tax (\$141,000) and the current year's tax (\$156,000) and was based on a \$6.1M purchase price of the building. The current proposal is based on a purchase price far less than that which was proposed at last month's meeting. The Assessor has not weighed in on this project yet. The Developer has also asked for no claw backs tied to revenue but rather has agreed to ramp up the PILOT to the current tax amount after the first five years.

Mr. Flower interjected that the Job Match Program now has 280 potential candidates and that the Hyatt, through its Human Resources Director, has agreed to post all 300 jobs on the site. This is anticipated to happen soon as the hotel needs to open in November.

Discussions continued with questions being raised regarding the mindset of the 313 Carondelet group in not wanting to hire locals at the 40% level. Bond Counsel, David Wolf, stated the contractor chosen for this project, Woodward, has an existing workforce. That being the case, they are unable to reach a 40% local hire but have agreed to meet the 50% new hire target. The contractor could not commit to the 40% local hire target because they would have to terminate some employees to meet that target. This analogy is over-simplified he stated, but bears the essence of what would have to happen in order to meet the 40% target. Mr. Flower reminded the Board that the general contractor for this project is the same contractor that met only 15% of the 40% target in the C. J. Peete project. Mr. Flower advised that at an earlier meeting with the Developers on this issue, former Mayor Sidney Barthelemy who is a member of the 313 Carondelet group, stated that new hires, under the current proposal, should be 100%. Mr. Wolf reminded the Board that if the Developer failed to meet the commitment they propose, claw backs would be in place to ensure an increase in the PILOT payments. This employment target is attached to the construction phase only. The local employment issue is still under discussion with the developer and the City.

Mr. Flower then advised the Board that the idea of having a "ramp up" was an alternative if the "ramp up" is deemed fair and accurate. The proposal is confusing at this time, especially the offer to ramp up in the fifth year to \$150K (around the current tax level) and to \$175K in years nine and ten.

Mrs. Susan Good queried as to whether the assessor has weighed in yet on the issue. Mr. Flower advised that it was his understanding that the Developer has paid \$3M for the property and by adding in the amenities that will be conveyed to Capital One, the total purchase price is now approximately \$4M, the amount the Developer now wishes to have the property assessed. This amount is lower than that discussed at the IDB's last board meeting which was then \$6.1M.

Aimee Quirk, the Mayor's Advisor on Economic Development, interjected that the City is in discussion with Mr. Flower concerning this matter in an effort to evaluate the current proposal.

B. W. COOPER AND LAFITTE

Mr. Wolf informed the Board that both the Lafitte and the B. W. Cooper matters are now closed. Mr. Flower added that jobs from these two projects are being posted on the Crescent City Job Match site.

JOB MATCH

Mr. Flower informed the Board that there are approximately 280 applicants registered on the Crescent City Job Match site. Some applicants are qualified while others need training. Counselors are working with each applicant. He added that the Hyatt's Personnel Director is very enthusiastic about the opportunity of posting some 300 positions on the site. The program, however, is still being tweaked to ensure that it is user friendly. He also advised that the Mahalia Jackson Center on Jackson Avenue is offering other support services including health and financial.

SIX FLAGS

The grass has been cut along Michoud Boulevard and at the entrance driveway of the Six Flags site. Security on the site is now at issue, i.e., gates, fences, etc. The Michoud entrance gate is damaged. The City has taken immediate action in light of the recent television coverage by installing a chain link fence across the Michoud entrance. The President advised that the City looked at bids for repair of the fence and gates at Six Flags and the reported low bid came to approximately \$12,000. After his inquiry, Mr. Flower received a quote of \$8,432. He then asked for Board approval to repair the gates and fences to prevent easy access, securing the site at the \$8,432 quoted price. While he has been informed by the City that the 7th District Police will help by making periodic patrols in and around the property, he was further advised that the Police Department does not have the manpower to add this task to their assignments, making it an ongoing responsibility. Again, the City has said that it has no funds to contract for hired security patrol or repair of the gates and fences. The President then asked for authority to secure both the fences and gate repairs and the contracting of security patrol at the site.

Mr. Darrel Saizan motioned for granting of authority to the President regarding fence/gate repairs and security patrol but the motion stalled. He then asked to whom are the police

reporting. Ms. Aimee Quirk of the City took the floor advising that the 7th District agreed only to make periodic internal and external checks. Dr. Ronald French stated that the site should be secured but he was not sure if it will stop vagrancy and suggested the hiring of security to patrol every day. The President stated that repair of the fences and gates and contracting of security patrols are urgent. Mr. Alan Philipson then asked if the property was insured to which Mr. Flower advised that based on the settlement agreement between the City and the IDB after the bankruptcy settlement, the City is required to insure the site and name the IDB as an insured. Mrs. Good informed the Board that she has driven to the site and that gates along Michoud have been secured and warning signs hung. However, there is need of repair to other fences and gates around the site. She is concerned, however, that while the Michoud gates are secure, a trespasser can gain access if he/she would walk to the right or the left of the gate through grass and brush. Access would still be easy to obtain.

A motion was offered by Mr. Saizan and seconded by Dr. French for the President to move forward when with repair of the fences and gates. The vote passed unanimously.

Ms. Quirk then advised that the City is not able to provide through the 7th District what a full security service would provide in patrolling the area. Mr. Flower suggested that perhaps the Board would like to investigate the cost of security offering periodic checks.

Bond Counsel, Ray Cornelius, reminded the Board that it owns the property on behalf of the City and the Board never worked on the management of the site. Further there are ongoing discussions with the City looking at use options, both long-and short-term, for use of the property. He suggested that the Board give the President the authority to work with the City on current use plans and give the President the power to incur expenses up to a certain dollar amount. There may be an occasion, he counseled, wherein the IDB will not have the luxury of time to respond to a situation.

Dr. French offered a motion to grant the chair the authority to take care of any emergency issues during the IDB's ownership of the property. The motion was seconded by Mr. Philipson who questioned at what point does the City take over possession of the property. Mr. Cornelius advised that there are discussions of the property use underway. He advised, however, he is not at liberty to comment on these discussions openly or publicly at this time. He counseled that giving the president authority in a dollar amount and the authority to react to circumstances is good, especially with security being an issue at this time. Mr. Flower interjected that he did not want carte blanche authority but rather wishes to keep the Board informed of all situations and the funds associated with resolving an issue. Mr. Farrell Chatelain voiced that the President should, under this motion, notify the Board and asked that this modification be added to the motion. Ceilings of amounts were then discussed. Mr. John Koch stated that in viewing this, the IDB is obligated to take care of the property with the funds in the Iberia Bank account but asked if the IDB would be reimbursed by the City for any expenses incurred. Mr. Flower responded that expenses incurred would come from the funds at Iberia Bank. This is an account set up specifically for funds received by the IDB in connection with a servitude. Checks drawn to pay for the grass cutting, etc. and will come from that account. Mr. Philipson then suggested granting the President the authority to approve any required spending at the Six Flags site up to a cap of

\$100,000. Mr. Flower declined the authority under a \$100,000 cap, preferring rather to inform the Board of any situations that may arise requiring an expense at the Six Flags site.

Mr. Flower then informed the Board of the need to maintain the recently cut grass at the Six Flags entrance and along the Michoud Blvd. corridor. He informed the Board of the \$300 every two-three months maintenance proposal submitted by Ramelli's Janitorial Services (the same company that cut the grass initially). By motion of Mr. Saizan and seconded by Mr. Philipson, the Board voted unanimously for the upkeep of the grass along the Michoud Blvd. corridor from W. Cavalier to Adventure and the Six Flags entrance at Michoud Blvd for \$300 every 2- 3 months.

Mrs. Good reminded the Board that it voted unanimously at the May meeting to allow bond counsel, Ray Cornelius, to conduct discussions with the City regarding transfer of Six Flags back to the City. Mr. Cornelius advised there was no project to lease; that the matter is complicated and will involve negotiations with the City. He suggested that the Board limit its liability to the funds in the designated bank account. He did not think it was appropriate to report on his discussions with the City at this time. He advised that he will come back to keep the Board posted on those discussions.

FINANCIAL REPORTS

Mrs. Good presented the April and May financials, advising that the accountant, Katherine Smith, has not changed the payroll of Sharon Martin but has created an insurance item in the budget for health insurance expenses. Ms. Smith will make the budget changes for Ms. Martin's payroll line for the next financial report. Mrs. Good advised that all year-to-date figures look good.

She then informed the Board of the receipt of the draft of the audit, advising that in this year's audit, the a comparison to the previous year's audit number has been provided. Additionally, she advised that a new Certificate of Deposit has been set up at the First National Bank of Commerce with a 2% interest rate for one year; and that the \$4,000 used to pay for the grass cutting at the Six Flags site came from the Iberia account set up specifically for Six Flags funds.

ADMINISTRATOR'S REPORT

Ms. Martin was asked to present her report. In view of the time frame, she advised each Board member that a copy was included in their packet and suggested that if there were any questions, the Board could call her directly for explanation

Prior to the meeting ending, Dr. French asked the Board to address the letter issued to each Board Member from Ms. Janet Howard of the Bureau of Governmental Affairs, stating that he treasured the contribution of the BGR as a watchdog agent. He stated that if the BGR has not been given a thoughtful response to their letter that one please be considered. He asked that discussion on how we can adopt or modify the proposal be made an agenda item for the next board meeting. Mr. Flower interjected that the IDB would like guidance and is willing to listen but there have been contradictions made by Ms. Howard on the policies and procedures that have

become standard by the IDB. He agreed to review the materials to deem them proper or improper and will allow the issue to be placed on the IDB's July agenda. Mr. Saizan then stated that he has been on the IDB's Board for a number of years and that there are dramatically different views by the BGR on what's best and not best as a practice. Mr. Cornelius reminded the Board that Ms. Howard was invited to and participated in a retreat held by the IDB a few years ago, at which time the Board asked Ms. Howard to submit examples of best practices. Mr. Flower informed the Board that at a Tax Fairness Commission meeting Ms. Howard registered some very strong criticisms of the IDB which he found improper and offensive. Nonetheless, he will go through with review of her letter. Mr. Cornelius advised that he will assist Mr. Flower and will get back with the Board. Dr. French expressed his appreciation. Mrs. Good asked that any IDB response be shared with the Board. Mr. Flower agreed that it would and further advised that the Tax Fairness Commission made recommendations concerning the IDB's PILOT process and the sharing of information with the City along with a few technical issues. Some of these issues, he believed, the IDB would be in total accord. The meeting adjourned at approximately 3:05PM.

Susan P. Good, Secretary/Treasurer
APPROVED August 9, 2011

NOTICE OF CANCELLATION

OF THE

BOARD MEETING

OF THE

INDUSTRIAL DEVELOPMENT BOARD

OF THE

CITY OF NEW ORLEANS, LA., INC.

THE TUESDAY, JULY 19, 2011 MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF NEW ORLEANS, LOUISIANA, INC. HAS BEEN CANCELLED. A NOTICE OF MEETING WILL BE TIMELY ISSUED IN ADVANCE OF THE NEXT MEETING DATE.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF NEW ORLEANS, LOUISIANA, INC.

July 15, 2011

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

**AUGUST 9, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III
Susan P. Good
Darrel J. Saizan, Jr.

Ronald G. Baptiste, Jr
John L. Koch
Theodore Sanders

Walter C. Flower, III
Allison B. Randolph, III
C. David Thompson

Absent:

Farrell J. Chatelain
Helen LeBourgeois

Elijah M. Feinstein
Alan H. Philipson

Dr. Ronald J. French

Also Present:

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

Guests:

Bill Langkopp, Greater New Orleans Hotel and Lodging Assn.
Bill LeCorgne, Woodward Design Build
Lauren Marshall, Woodward Design Build
Lane Louque, Woodward Design Build
Michael Kaufmann, IUPAT
Jeb Bruneau, Advantous Consulting, LLC.
Bryan Moore, City of New Orleans
Erik Jungbacker, Downtown Development District
Chris Michel, Woodward Design Build
Myron Poydras, Bank of New York
Joe Rochelle, City council
Becky Bowbray, Times-Picayune
Kirk Caron, IUEC Local 16
September Hargrove, City of New Orleans, Supplier Diversity
Norman Roussell, City of New Orleans, Supplier Diversity
Josh Collen, HRI
Richard Allen, HRI
Ann Surapruik, New Orleans Worker Center
Karl Kehoe, Real Estate Tax Group

Dolores Blanche, Stand with Dignity
Sidney Barthelemy, HRI
Norma Jane Sabiston, Sabiston Consultant, Rep. HR2
Aimee Quirk, City of New Orleans
Derrick Francis, City of New Orleans
Colette Tippy, Stand With Dignity
Scott Zander, Jones, Walker
Ernest Gethers, City of New Orleans
Norman Foster, City of New Orleans
Stephen Stuart, Bureau of Governmental Research
Janet Howard, Bureau of Governmental Research
Pres Kabacoff, HRI

The meeting was called to order at 12:35 PM by the President, Walter C. Flower III. Introductions by all guests were held. By motion of Mr. Allison B. Randolph III and seconded by Mr. Justin Augustine, the Board voted unanimously to approve the minutes of the June board meeting.

313 CARONDELET COMPLEX

Bond Counsel, David Wolf, provided procedural update and overview of this matter. The Developer now presents to the Board its PILOT proposal and employment targets for approval. Mr. Flower advised the Board that for the past several weeks there has been continual discussion between the City and the Developer concerning the amount of the PILOT and the employment target as discussed in the preliminary approval. The proposal presented today is a result of those discussions. He further advised there are no claw backs included in the current proposal. The Developer is seeking approval of the proposal today because the historic tax benefits face a near deadline. The Developer is alleging that it cannot meet the 40% local hire target which has been set in place. Mr. Flower reminded the Board that the general contractor in this project, Woodward Design Build, is the same general contractor involved in the C. J. Peete project which had a very low local hiring practice during construction. As a result, Mr. David Gilmore of HANO ensured local hiring of HANO projects would yield a 40% local hire target. He added that if the Developer failed to meet the 40% local hire target that a penalty for an additional or supplemental PILOT payment would be triggered. The final issues in the current proposal by the Developer are the proposed IDB annual administrative fee which has been reduced considerably and, finally, that all job openings be posted on the Crescent City Job/Match data base.

Mr. Bill LeCorgne, Sr. Vice President and Chief Financial Officer of Woodward Design Build, took the floor and introduced other members of the Woodward team: Ms. Lauren Marshall, Mr. Lane Louque and Mr. Chris Michel. Mr. Paul Flower, owner of Woodward Design Build, unfortunately was not able to attend due to a previous commitment. Mr. LeCorgne informed the Board that Woodward was not being recalcitrant in not meeting the 40% local hire target but rather their determination is based on research and an effort to meet the budget, making the project achievable. He explained with regard to the low local hire numbers in the C. J. Peete contract, they were advised that because Woodward is a local firm, the local employment target

was automatically met. He stated further that with regard to the current project [313 Carondelet], that based on research, they have lined up with subcontractors who find that a 22% local hire commitment is achievable. There is a 75% MSA hiring with no out-of-state or transplants, and a 15% DBE participation goal as well. Mr. Flower reminded the Developer that even with a 75% MSA local hire target, none of those tax payments are to the City of New Orleans. Mr. LeCorgne continued, advising that 40% is not a reasonable number and that Woodward has a good track record for working with locals. He added that based on their research, 22.5% is a more reasonable percentage for local hiring and is 50% greater than their other projects. There are two major contractors in the 313 Carondelet project - electrical and mechanical and both are metro-New Orleans.

Mr. Lane Louque, a Woodward-Design Build Senior Project Manager, interjected that at the stage where the IDB audit was being done in the Peete project, the percentage was low because the developer had advised Woodward that since they were a New Orleans company, the goal was automatically achieved. Mr. Flower added that at that time of the Peete project, the St. Bernard had a 28% local hire percentage. As a result of these two projects, he added, the percentage for local hire has been maintained to the 40% target. Mr. Louque stated that Woodward has achieved success to-date in the community with its outreach and training of new hires through Urban Strategies, and its use of DBEs and MBEs. He then introduced Ms. Lauren Marshall, Diversity Coordinator for Woodward, who commented on the steps taken by Woodward since she has come on board. There has been improvement in its diversity and outreach, and in each category, they've surpassed their goals. She commented on their partnering with Job 1. With the hosting of job fairs (the latest of which had 179 participants), they were able to hire many of those trained, and those who were not hired by Woodward were referred through the temp agencies as "hirable" to other companies.

Mr. Pres Kabacoff, President of HRI, responded to all the comments, emphasizing that Mr. Flower has been very clear on the 40% local hire target and praised the IDB for its goal of 40% but added this was a very difficult target to reach given his experience. He stated that in his talks with the City, they attempted to balance everything to keep the project alive and that now they are out of time with Capital One. He then asked what were the penalties if the local employment target is not met. He wanted to make sure the project is able to meet its debt. Mr. Flower stated pending board approval, penalties will be assessed at an additional \$15K in PILOT payments if significantly below the 40% target. A \$15K supplemental PILOT (times two years) if completed in year one. If the target should be missed by a minor percentage, that can be discussed by the Board.

The proposal to the Board for the annual administrative fee is a flat \$2,000 per year. However, based on the previous formula voted on by the Board, the annual fee would be \$26K per year, the same as the closing costs. The Developer proposes a \$26K closing fee in accordance with the formula with a \$2,000 per year flat annual administrative fee payment. Mr. Flower offered an annual fee instead in the amount of \$15K per year until the seventh year, after which the amount could ramp up to \$26K in accordance with the formula and based on the yearly assessment by the Assessor.

Mr. Josh Collen of HRI took the floor and explained why the proposals were as presented. The historic tax credits have a "sunset" at the end of the year. The Governor and the Lt. Governor have agreed to extend this date. Other time lines include the federal tax credit. The sources and uses balance out to provide for construction in a double shift mode through the end of the year to meet these deadlines and complete a two-year construction in one year. Also, in the first five years of the project, there are rent restrictions which affect the income. Additionally, as relates to the \$128K as a PILOT payment in the first five years of revenue and the \$15K annual fee, there is \$250K of lost borrowing. These are significant proceeds in this project, he explained. Mr. Kabacoff interjected that he would like to see what would work and asked to be excused from the meeting so he and his team could discuss the options.

The matter was tabled.

SIX FLAGS

The President modified the agenda to address issues in the Six Flags matter. Ms. Aimee Quirk, the Mayor's Economic Development Advisor, stated that the IDB is "technically" the owner of the property with a strong partnership with the City. The property is an asset to put back into commerce but as of now, there are no proposals to do so, although they have been working on ways to solicit development of the property. As a result of internal discussions, the City is prepared to issue, with the approval of the IDB, a Request for Proposal (RFP) for the development of a theme park, water park, film back lot, or other possibilities. The City is also interested in issuing a second RFP for an auctioneer to sell the rides. The City believes the rides have some value and can derive some income from its sale for the City. On behalf of the City, she now seeks approval from the IDB to issue both RFPs.

Mr. Flower reported that the property is now secure as repairs to the fences and gates have been made and the grass is being maintained. The intent of the RFP is to find the best possible use for the property. Discussions then ensued as to the approach to sell the rides without knowing its value. It was requested that a copy of the RFP be sent to the Board. Ms. Quirk stated that the IDB would be involved in the RFP process.

A motion to approve the issuances of both RFPs was offered by Mr. Augustine and seconded by Mrs. Susan Good. The vote to approve passed unanimously.

313 CARONDELET resumed

Mr. Collen returned to the meeting, accepting the proposal offered by the President. Mr. Flower stated that the Board would re-review the exact PILOT language proposal at the next meeting. Points to be included are: (1) \$15K penalty as additional PILOT payment for failure to meet the 40% target for years 1 and 2; (2) improve the 22.5% local employment target to 40%; (3) recognize the current fee structure for closing; (4) recognize the annual administrative fee of \$15K per year until year seven at which time the annual fee could escalate to \$26K as prescribed for by fee structure formula subject to the Assessor's assessment of the development; (5) PILOT payments of \$156K for first year with penalty if applicable, years 2- 6 would be \$128K per year, year 7 would increase to 50% of taxes based on assessment by the Assessor, year 8 would

increase to 60%, year 9 would increase to 75%, and year 10 would increase to 90%(each year from year 7 - 10 would be based on the assessment rendered by the Assessor), and year 11, taxes would be at the full market rate as rendered by the Assessor; (6) claw back for employment target; (7) posting of jobs on the Crescent City Job/Match database.

A question was then asked that if the project converted to condos in year 7, what would happen to the PILOT. The response was that the PILOT would be null and the property would go back on the tax rolls and the condos would pay full taxes.

Ms. Quirk stated they have been working with the developers on this proposal for the last month and a half. The City supports the project after having taken a good look at all the factors. The project would make the historic building functional and consistent with the City's plan. The amount of the initially proposed PILOT seemed low but in working with the developers and involving the Assessor, they were able to come up with a more palatable proposal in accordance with the wishes of the Tax Fairness Commission. She further advised that the Mayor is committed to the citizens and businesses of New Orleans in terms of hiring and use of local businesses. They support the IDB's aggressive efforts for local hire. She then thanked the IDB for involving the City.

Further discussion ensued. Mr. John Koch asked if the PILOT was for a 10-year period and if the overall tax savings would be, based on his calculation, \$1.6M. Mr. Flower advised that it could be more depending on the Assessor's assessment. Mr. Flower reiterated that while he provided an overview on the current proposal, the Board needed to see the final write up and any acceptance would be based on the final proposal write up. He also stated the IDB would conduct an employment audit to determine if the 40% target was met and that if the developer failed by a significant percentage, penalties would be imposed but the Board may overlook an insignificant miss. Ms. Sharon Martin, IDB Administrator, queried if the developer would still cover reasonable costs of the Board associated with maintenance of the project. Mr. Koch then asked Ms. Quirk what strategy was this project meeting in terms of the City. Ms. Quirk advised that with this project the City looked at location, scope, and use. Partnered with the Downtown Development District who has done intensive work to determine use of a residential dwelling in a downtown district, they found the area to be underserved. It's a vacant building that needs to be re-entered into commerce. It's a great asset for the City she advised.

Mr. Wolf advised that a resolution was prepared for signing by the President and Secretary Treasurer and should be included as part of the Board minutes.

By motion of Mr. Randolph and seconded by Mr. Augustine, the Board vote resulted as follows:
7 Yeas and 2 Nays.

The majority having ruled, the vote passed subject to review of the final language.

FINANCIAL REPORTS

Mrs. Good presented the June financials for review and approval. She informed the Board that the accountant, Katherine Smith, has not changed the budget to include the increase in expenses

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

**SEPTEMBER 20, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III
Elijah M. Feinstein
Helen LeBourgeois
C. David Thompson

Ronald G. Baptiste, Jr
Walter C. Flower, III
Alan H. Philipson

Farrell J. Chatelain, Jr.
Susan P. Good
Darrel J. Saizan, Jr.

Absent:

Dr. Ronald J. French
Allison B. Randolph, III

John L. Koch
Theodore Sanders

Alan H. Philipson

Also Present:

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

Guests:

Bill Langkopp, Greater N. O. Hotel Lodging Association
Josh Collen, HRI Properties
Vincent Rossmeier, Bureau of Governmental Research
Ernest Gether, City of New Orleans, Dept. of Economic Development
Lorraine Washington

The meeting was called to order at 12:37 PM by the President, Walter C. Flower III. Introductions by all guests were held. By motion of Mr. C. David Thompson and seconded by Mr. Alan H. Philipson, the Board voted unanimously to approve the minutes of the August board meeting.

313 CARONDELET COMPLEX UPDATE

Mr. Josh Collen, HRI Properties representative, provided the overview, advising that the property was purchased on August 26, 2011. Demolition and abatement work has begun and they are now working on financing. Currently, they are looking at the week of October 3rd for a closing. He thanked the Board for all its considerations and approvals.

Bond Counsel, David Wolf, added that the Board, at its August board meeting approved the PILOT and agreed to issue the bonds. However, there will be no bond issuance but the lease back structure will be used in order for the IDB to take title to the property to issue the PILOT. Steps are now being taken to finalize closing documents and the Lease Agreement language. A final legal property description is being included. He then advised the Board that a half-page resolution has been prepared that provides the officers of the IDB with the authority to sign the conveyance documents. The transaction will include the New Market Tax Credits and other incentives being received by the Developer. He asked the Board for its approval of the Resolution.

By motion of Mr. Farrell Chatelain and seconded by Mr. Philipson, the Board voted unanimously to authorize the officers to sign conveyances and other documents associated with the closing of 313 Carondelet Complex matter.

SIX FLAGS - Update

Ms. Sharon Martin, IDB Administrator, provided the Board with an update on the status of the grass cutting and maintenance at the site, advising that as a result of a recent complaint, the IDB cut grass at the Lake Forest entrance to the Six Flags site. Concurrently, the grass on Michoud was cut. The total cost for the grass cutting is \$2,350.00 (\$2,050 - Lake Forest entrance) and maintenance of the Michoud strip - \$300). Mr. Flower continued the update, advising that security at the site has not yet been commissioned. The City is looking at promoting redevelopment of the site. He reminded the Board that at a specially held IDB board meeting, held at the request of the City a couple of years ago, the City agreed that it would provide protection to the site, as well as insurance, security and maintenance if the Board maintained ownership of the properties, including the additional 86 acres. He further advised, in the past few weeks, he has been attempting to get the cost of insurance, since there is no assurance that the City has provided same. Insurance companies want the land mass of the lake on the grounds of the Six Flags along with title of ownership; however, he explained, the verbiage in the Act of Transfer is currently being reviewed to see if the City is a named owner. If the City is named, then insurance is unattainable. He reminded the Board that the City has issued a RFP for redevelopment of the site and a RFP for an online auctioneer to sell the equipment. At this time, security is being done by the 7th District Police who make periodic checks on the property to ensure there is no trespassing. The Board has secured the fences, gates, grass cutting and has had correct signage posted.

Mr. Justin Augustine thanked the Board for its support in keeping the property groomed and added that when the fire was started a few weeks ago in New Orleans East, it was assumed by many in the area that the fire was on the Six Flags site. A question was then raised as to why there is confusion as to the ownership of the property. Bond Counsel, Ray Cornelius, reminded the Board that the City put the documents together in the Six Flags bankruptcy matter, including the settlement agreement and the cooperative endeavor agreement. The Board became involved when the City requested a special board meeting to cover the signing of the documents. Copies of the bankruptcy documents were delivered to him and he is waiting on a copy of the agreement between the City and the IDB wherein the City agreed to maintain, secure and protect the IDB

for taking ownership. Mrs. Helen LeBourgeois asked that if the City is part owner in the title why wouldn't there be coverage protecting the IDB. Mr. Cornelius responded, advising that supposedly the IDB is covered and that the City is self-insured. Mr. Flower interjected that at the special meeting called for by the City, the IDB agreed to take ownership if the City promised to secure, care for and hold the IDB harmless from any action. Mr. Elijah Feinstein advised that in practice, as it stands, the IDB is managing the property. Mr. Cornelius added that ownership is problematic at this time. The Board was further advised that the IDB is in discussion with the City to take the property along with the funds that are being held in a separate account.

Mr. Ernest Gethers of the City's Economic Department, updated the Board, advising that two requests for proposals (RFP) have been issued - one for demolition and auction of the rides and is due September 29; and the second RFP is for redevelopment of the site. As of this date, seven (7) proposals for the on-line auction have been received and three (3) for redevelopment. Requests have also been received seeking an extension of the redevelopment proposal deadline. He further advised that there will be a theme park convention in New Orleans next week, and that a tour was recently conducted on the site. At this time, it was questioned whether or not the IDB should need to authorize an addendum to the RFP for extension of the deadline. The Board was advised that the offer would have to be to everyone and not just a particular group. The Board expressed an interest in having the extension granted until the end of October in order to reach the conventioners at next week's conference.

Mr. Cornelius provided a history overview of the property and its pre-Katrina condition, stating that prior to Hurricane Katrina, the New Orleans Six Flags site was one of the better performing Six Flags parks. There were plans to build a water park, a resort, and a sports complex for youth athletics. Days before Katrina, there were talks of the City also exploring other potential ventures at the site, i.e., a film back lot, etc. In answer to a question regarding the Board's participation in promoting redevelopment of the site, Mr. Cornelius advised that the Board was very welcomed to do so. Mr. Flower suggested that any promoting by the IDB be coordinated with Mr. Gethers. It was suggested that a tour be offered to the attendees of the convention. The board so approved.

FINANCIALS

Mrs. Susan Good presented the financials, noting in particular that year-to-date, no application fees have been collected. Otherwise, the IDB is doing well. Mr. Flower then asked Mr. Gethers if he was at liberty to discuss whether there is any activity at the Carrollton and Palmetto site. Mr. Gethers advised that the City is hopeful that Costco will lease the property on the site of the former Carrollton Shopping Center and that its will take up most of the site. Mr. Darrel Saizan questioned whether or not the Carrollton neighborhood associations have been contacted. Mr. Gethers responded, "yes", they are meeting with everyone.

Mrs. Good then asked for an amendment to the budget for Six Flags, which funds are to be withdrawn from the Six Flags special account. By motion of Mrs. Good, seconded by Mr. Saizan, the Board voted unanimously to increase the current budget by \$20,000 for a line item for Six Flags expenditures.

ADMINISTRATOR'S REPORT

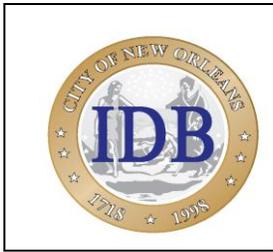
Ms. Martin, presented her report, advising that most of the report can be read by each board member but in particular, she pointed out that a letter, approved by Mr. Cornelius, was being sent to Assessor Errol Williams to clear up the confusion at the Gravier Street Partnership site located at Magazine and Gravier. Mr. Flower added that this parcel, which was involved in a bond issuance twenty or so years ago, should never have been placed in the name of the IDB. Mr. Cornelius added that the problem surrounds a "credit sale" involved in this issuance. The IDB owned the property for a "nano second" and there was no PILOT involved. This was a bookkeeping error on the part of the Assessor's office. The property should be in the name of the Gravier Street Partnership with no reference to the IDB at all. The letter provides the explanation to have the property transferred to the Gravier Street Partnership and out of the name of the IDB.

EXECUTIVE SESSION

The Board then convened an Executive Session. All guests exited the conference room. At the conclusion of the Executive Session the meeting was adjourned at 2:30 PM.

/s/

Susan P. Good, Secretary/Treasurer
APPROVED October 18, 2011



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

**OCTOBER 18, 2011 AT 12:30 P.M.
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III
Elijah M. Feinstein
Susan P. Good
Allison B. Randolph, III
C. David Thompson

Ronald G. Baptiste, Jr
Walter C. Flower, III
Helen LeBourgeois
Theodore Sanders

Farrell J. Chatelain, Jr.
Dr. Ronald J. French
Alan H. Philipson
Darrel J. Saizan, Jr.

Absent:

John L. Koch

Also Present:

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

Guests:

Michael Kaufmann, F.T.I.
Scott Murphy, Iron Workers
Tiger Hammond, S. E., LA Building Trades
Stan McDaniel, The McDaniel Group
Stephen Stuart, Bureau of Governmental Research
Denis Milliner, Bank of New York-Mellon
Lynn Swetland, Lambeth House
George Young, Lambeth House
Sidney Barthelemy, HRI Properties
Josh Collen, HRI Properties
Ernest Gethers, City of New Orleans
Mavis Early, GNO Hotel and Lodging Assn.
Ricardo Benitez, Local 1058 Carpenters Union
Chad Woods, Local 1058 Carpenters Union
Lorraine Washington
Derrick M. J. Francis, City of New Orleans

Ileana Menendez, First NBC Bank
Jeb Bruneau, Advantous Consulting, LLC

President, Walter C. Flower III called the meeting to order at 12:35 PM.. Introductions by all guests were held. By motion of Mr. C. David Thompson and seconded by Mr. Alan H. Philipson, the Board voted unanimously to approve the minutes of the September board meeting.

LAMBETH HOUSE, LLC

Prior to discussing this matter, Board Member, Mr. Philipson, recused himself, advising that he has a conflict of interest in the matter and cannot vote.

Bond counsel, David Wolf, reviewed the proposal and advised that the Applicant seeks an amount not to exceed \$55M in bonds. The construction costs for the proposed project is approximately \$20M. He explained that while the Developer is requesting a bond amount not to exceed \$55M, the remaining \$35M might be used to refinance a 1998 bond issue in the amount of \$31M. He further advised that re-funding the bonds would not achieve any significant savings unless the maturity date of the bonds is extended. However, now that Lambeth House has an operating history, bondholder consent, (which is unlikely), must be gained to release the outstanding issuance. Further, he added that the original application requested \$55M and may not be adequate. The Developer now seeks to get an approval on an amount up to, but not exceeding, \$60M. He advised that the amount requested will be used only if needed and that the Developer is seeking the higher amount so as not to come back before the Board to request an additional or increased amount later.

Mr. Wolf advised that a standard resolution for Board approval has been prepared for signing. He then acknowledged Mr. George Young, Developer representative, who provided his brief overview of the proposal. Mr. Wolf continued to inform the Board that there is no request for a PILOT. Lambeth House L.L.C. is a non-profit and is, therefore, tax-exempt.

Mr. Flower then asked the Board for a motion on the project as presented. By motion offered by Mrs. Helen LeBourgeois and seconded by Mr. Darrel Saizan, the Board voted unanimously to grant approval of the request for bonds in an amount not to exceed \$60M.

313 CARONDELET PROJECT UPDATE

Mr. Wolf updated the Board that paperwork in this matter has been completed and all parties are positioned for a closing. The Developer, however, is waiting to close on other parts of the financing. Once those phases have been completed, the documents can be fully executed. Mr. Josh Collen, Developer representative, added that closing is coming in stages and that last Friday, the escrow closing was completed. Matters are moving forward and a full closing is expected on October 26. He further advised that demolition has begun and there are no problems at this time.

Mr. Allison Randolph then expressed concern about who would be doing the monitoring process. Mr. Flower advised that Mr. Stan McDaniel of the McDaniel Group was conducting the hiring monitoring in this matter and that this project is subject to the 40% hiring requirement. He further advised that Jeff Yellin has been hired to monitor the yearly, contractual requirements of the Lease Agreement that includes the financial claw backs.

At this time, Mr. McDaniel asked to be recognized. He expressed dismay in not being offered the opportunity to follow through with the work outlined in the template that he prepared. He stated he felt he had not been given an opportunity to do the monitoring of the financials on the projects although he worked and produced the template from which the monitoring would be done. He further stated that he is knowledgeable of the financials on many of the projects and could provide the service. Mr. Flower interjected that since Mr. McDaniel was doing the hiring monitoring, it was felt that another party should do the monitoring of Lease Agreement requirements. After informing the Board of the template's time-table and completion, Mr. Flower asked that the matter be tabled for further discussion during the Executive Session.

SIX FLAGS - Update

Ms. Sharon Martin, the IDB Administrator, advised the Board that based on the information provided at the September (2011) board meeting by Mr. Ernest Gethers of the City's Economic Development Department, regarding a convention of the Water Park Association (WPA) in October, contact was made with personnel of the WPA for access to distribute flyers. Upon approval by the WPA, flyers were created and distributed at the conference announcing a tour of the site. While there were no "takers" for the tour, several parties, including developers, owners and managers, made inquiries to the RFP for redevelopment.

Mr. Gethers informed the Board that the RFP process was moving forward and that in light of the Board's request to be fully informed and a part of the decision process, Ms. Aimee Quirk has asked that Mr. Justin Augustine serve as the IDB representative. The Board approved Mr. Augustine's participation and requested that he keep the Board fully informed on all developments of the process. Mr. Augustine agreed.

Dr. French then inquired about security at the site. Mr. Flower stated that all fences have been repaired and that the 7th District Police are conducting periodic checks on the site. He added that he was sure all would feel better with a security company making those checks on a more regular basis. In light of the outstanding RFP, however, no action has yet been taken. He further advised that he has been exploring insurance possibilities for the property. At this time, he is not sure if the City is holding the IDB harmless from any liability, as agreed to in a Cooperative Endeavor Agreement between the City and the IDB. Further, as a result of a recent complaint, additional grass cutting has been done. The Michoud and Lake Forest corridors are being maintained and the gates are secured.

With focus on the RFP, Mrs. LeBourgeois asked if the City, to date, has received any good responses. Piggy-backed on that question was a response from Mr. Ray Cornelius wherein he reminded the Board that at the September 2011 meeting, the Board asked him to check on the ownership of the property with the City. In his opinion, the IDB owns the property and he

recommends that the IDB obtain insurance until the issue with the City is resolved, adding that City insurance covers City-owned property. He stated one might conclude that should a problem occur, the City has the ability to say that it **does not** own the property.

Mr. Cornelius assured the Board that if some mishap should occur wherein there is injury, there would be no personal liability on the part of the board members, however, the IDB could potentially have a financial responsibility. He also added that the IDB should wait to see the result of the RFPs, adding that based on many of the projects owned by the IDB, there is a requirement of the developer to obtain insurance and that should a new project emerge as a result of the RFP and a PILOT needed, insurance would be a requirement. Mr. Philipson asked that in light of this stalemate, it seems warranted that the IDB should have something in place in the meanwhile. Mr. Flower stated that with exploring insurance for the property, it will be paid for from the funds dedicated to the Six Flags site. Mr. Cornelius reminded the Board that the IDB took ownership of the property to ease the flow of the bankruptcy settlement at the request of the City Attorney (Penya Moses Fields at that time). The City then agreed to maintain, secure and hold the IDB harmless from any liability. As a result of these agreements, the City created a Cooperative Endeavor Agreement and the agreement was signed on behalf of the IDB by Mr. Flower. However, a fully executed copy with Mayor Nagin's signature was never returned to the IDB despite numerous requests by Ms. Martin. Based on these actions, he stated the IDB is in a strong position to prove the City was to insure the IDB.

Several members of the Board expressed concern over the insurance matter and the City's partnership in the ownership of the property and the City's obvious position, which is that the property is owned by the IDB. Mr. Farrell Chatelain reminded the Board that the City received \$3M in settlement of the Six Flags bankruptcy matter. These funds received in the settlement were to be used to pay down the debt with the Department of Housing and Urban Development. It is his belief that if the property were sold by the IDB today, the City would expect any profit from such sale. Mr. Eli Feinstein asked if there was a way for the IDB to be more aggressive by marketing the property. Mr. Cornelius stated that the IDB holds this property in its ownership by the request of the City and the IDB's first responsibility is to the City, but added that the IDB could fund a broker to sell the property. He further advised the Board not to view the relationship between the City and the IDB as complicated. The City did seek the IDB's approval for the issuance of the RFP, adding that the City wanted to be in a position to evaluate the economic value of the property through the RFP process.

After these discussions, Mr. Augustine suggested that legal counsel determine from the City if it will protect the IDB in any case of liability. The Board so agreed. It was also agreed that Mr. Cornelius would draft a letter for Mr. Augustine to present to the City in light of his involvement in the RFP process.

FINANCIALS

Mrs. Susan Good presented the September financials, noting in particular that the budget for Six Flags expenses was adjusted upward to \$20K. She also directed the Board's attention to the Accountant's notes that stated the IDB expenses were over budget for the month but within budget for the year. She also noted the annual administrative fee income adjustment. Mr. Flower then interjected as a side-bar, the fact that the IDB has still not received its 2011 Lease

Agreement from the City and, therefore, the line item for the office rental has not been expended. The lease expired in March. Mrs. Good then added that the balance in the Six Flags budget after the most recent expenses is approximately \$4,000.

ADMINISTRATOR'S REPORT

Ms. Martin, presented her report, highlighting in particular, the work done on the flyer and tour coordination and its distribution at the WPA convention; attendance with Mr. Flower at the City Council's September 22nd meeting seeking support of the IDB's 40% local hire policy and the subsequent vote of the City Council in support thereof; the assistance provided with regard to the Policy and Procedures; and the work already begun on the 2011-2012 Annual Administrative Fee Invoices through Hancock Bank.

Mr. Flower interjected that the IDB is waiting for the Hyatt's hiring report.

EXECUTIVE SESSION

The Board then convened an Executive Session. All guests exited the conference room. At the conclusion of the Executive Session the meeting was adjourned at 2:56 PM.

Susan P. Good, Secretary/Treasurer
APPROVED December 6, 2011

NOTICE OF CANCELLATION
OF THE
BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD
OF THE
CITY OF NEW ORLEANS, LA., INC.

THE TUESDAY, NOVEMBER 15, 2011 MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF NEW ORLEANS, LOUISIANA, INC. HAS BEEN CANCELLED. A NOTICE OF MEETING WILL BE TIMELY ISSUED IN ADVANCE OF THE NEXT MEETING DATE SCHEDULED FOR TUESDAY, DECEMBER 6, 2011.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF NEW ORLEANS, LOUISIANA, INC.

November 10, 2011



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

**DECEMBER 6, 2011 AT 12:30 P.M.
45TH FLOOR CONFERENCE ROOM -
ADAMS & REESE LAW FIRM
701 POYDRAS - ONE SHELL SQUARE**

Present:

Justin T. Augustine, III
Elijah M. Feinstein
Susan P. Good
Alan H. Philipson
Darrel J. Saizan, Jr.

Ronald G. Baptiste, Jr
Walter C. Flower, III
John L. Koch
Allison B. Randolph, III

Farrell J. Chatelain, Jr.
Dr. Ronald J. French
Helen LeBourgeois
Theodore Sanders

Absent:

C. David Thompson

Also Present:

Sharon Martin, Administrator, IDB
Joy Matthews, Admin. Assistant, IDB
Ron Sholes, Bond Counsel - Adams and Reese
Wayne J. Neveu, Bond Counsel - Foley & Judell

Guests:

Jaquetta White, The Times-Picayune
Tony Cacioppo, Sprinkler Fitters
Denis Milliner, Bank of New York Mellon
Lynn Swetland, Lambeth House
Scott Crabtree, Lambeth House
Morris Kahn, Atrium Global Properties
Mr. Belson
Terri Baptiste-Franklin, Regions Bank
Barry Kaufman, LIUNA
LaSwanda Green, Downtown Development District
Stephen Stuart, Bureau of Governmental Research
Tessa Jackson, AFL-CIO HIT
Darren Burns, Morgan Keegan
Lorraine Washington, Citizen-Lower 9th Ward
Lance Washington, WVUE-TV Fox 8
Jeb Bruneau, Advantous Consulting

Ernest Gethers, City of New Orleans, Dept. of Economic Development

President, Walter C. Flower III called the meeting to order at 12:33 PM.. Introductions by all guests were held. By motion of Mr. Alan H. Philipson and seconded by Mr. Allison Randolph, the Board voted unanimously to approve the minutes of the October board meeting.

313 CARONDELET PROJECT UPDATE

Former Mayor, Sidney Barthelemy, presented an update on 313 Carondelet Project. He reported that: 1) the closing took place on November 8, 2011; 2) all funds are in the bank; 3) demolition of certain parts of the building are almost complete; 4) framing has begun starting from top down; and 5) that IDB required signage has been ordered and should be installed by next week.

LAMBETH HOUSE

Mr. Scott Crabtree, Developer representative, provided the Board with an update and overview, advising that Lambeth House seeks approval from the IDB for the issuance of bonds in order to complete its proposal for financing. Attorney Ron Sholes (representing Adams and Reese as bond counsel), informed the Board that in the absence of Ray Cornelius and David Wolf he was asked to present to the Board a resolution authorizing the Secretary-Treasurer to sign documents to move this matter forward. The Developer, he stated, will return next month to update the Board and request final approval on the issuance. There is no PILOT involved in this transaction.

Mr. Philipson, board member, recused himself from the vote for sake of conflict of interest. By motion of Mr. Ronald Baptiste, and seconded by Mrs. Helen LeBourgeois, the Board voted unanimously to allow the Secretary-Treasurer to sign documents associated with the issuance of bonds in this matter.

B. W. COOPER Bifurcation of Financing

Wayne Neveu, bond counsel from Foley and Judell, reminded the Board that the project is already underway. He stated that the Developer is under a federal mandate to meet a placed-in-service deadline for the construction of 410 units by December 31, 2011. However, because of the time frame between the closing and the deadline, the completion of the project could not take place by that date. Since it was anticipated that Congress may not extend the placed-in-service date, the Developer requested and received approval from the IDB to bifurcate the loan process by resolution at its March, 2011 meeting. The project now requires two separate financial transactions: one with GO Zone bonds for the first 250 units (which has been closed) and, the second - a conventional loan for the remaining 160 units. The purpose of the presentation today was strictly informational and there is no need for any other approval by the Board. Mr. Neveu advised that the Developer is currently moving forward to Phase II of the project.

FINANCIALS

Mrs. Susan Good presented the October financials. She inquired of the Board its opinion on how to handle the outstanding rent that has not yet been paid and due to the City. The reason - no lease agreement has yet been delivered by the City in spite of the numerous inquiries by staff. Ms. Sharon Martin, Administrator, spoke to the City Attorney's Office and was advised that the IDB should pay the outstanding amount to the City. The Board then recommended that a check be made payable to the City of New Orleans for rents covering March - December. No other approval is necessary as the amount has already been budgeted. After further discussion, it was recommended that the check issued to the City cover the entire lease period 2011-2012. The Board approved the October financials.

Monitoring-Update

The President updated the Board, advising that letters to developers with projects involving a PILOT and attendant claw backs are being worked on by the consultant and Ms. Martin. The letters involve the monitoring of those PILOT projects as it relates to any additional or supplemental PILOT payments that may be due to the City. Responses are expected soon.

Crescent City Job/Match - Update

Mr. Flower advised that to-date, 75 job matches have been accomplished by the Crescent City Job Match program, and that employees and employers are working together to ensure that goals are being met. Mrs. LeBourgeois asked what type of jobs were being secured, and the President informed that mainly "construction" jobs were created. He then added that the program did place jobs at the Hyatt but we are still awaiting the final employment report from them.

Budget

Mrs. Good presented the proposed 2012 budget. She advised that notations were made to line items that have been changed. Mr. Flower then informed the Board that there is a \$1200 anticipated fee coming in under the line item, "Professional Services - Other" for work that needs to be done in the Job/Match program. He further advised that the program may be seeking additional funding after May when the funds will be depleted.

By motion of Mr. Darrel Saizan, seconded by Mr. Randolph, the Board voted unanimously for preliminary approval of the budget with a final vote to be taken in January.

Health Insurance

The Board was informed that while no notification has been received from the City, health insurance rates may be increasing. The Board concurred that such an amount could be adjusted accordingly.

ADMINISTRATOR'S REPORT

Ms. Martin presented her report, noting in particular work with the consultant, Jeff Yellin, in re "monitoring of claw back" letters and their distribution; update of the IDB website to include a modified application and notice of achievements by the Board; work with the City Attorneys re outstanding tax delinquencies for the Six Flags site; work with Hancock Bank re collection of the IDB's annual administrative fees; assistance provided to the City Attorney regarding documents involved in the creation of the IDB including statute and council resolutions; hanging of IDB

signage at 313 Carondelet; follow up and update re office space lease agreement with City; and acquisition of liability insurance quotes re Six Flags. After these highlights, Ms. Martin directed the Board to the report, a copy of which is included in their folder.

SIX FLAGS - Update

Mr. Flower made note that the press was in attendance and stated, for purpose of clarity, that Six Flags was City property which the IDB holds in its name by request and on behalf of the City. The City is now seeking proposals for the redevelopment of the property. Mr. Justin Augustine, an IDB board member, sits on the city's committee which is reviewing the RFPs.

He advised that even in light of the RFP reviews, there are still ongoing problems for the IDB regarding this property. One issue is protective insurance on the property. It was noted after a recent site visit by Ms. Martin, there is evidence of yet further vandalism (broken/torn fences) for access to the site. The 7th District Police have not reported this to the IDB. The second problem is the outstanding taxes and liens on the property which the IDB is to pay. Ms. Martin interjected that a total of some \$20K is currently outstanding in taxes and liens. The City Attorney did not get these taxes expunged pursuant to the judgment rendered in Six Flags bankruptcy. After bringing the issue to the City's attention, and after speaking directly with Ms. Brenda Breaux, City Attorney, the City is now in the process of pursuing expunction.

Review of RFP - Update

Mr. Augustine advised the Board that two (2) proposals for the auctioning of the rides and equipment were received and reviewed. Of the two, Vicari, Inc. was selected. It was accepted, he advised, with a caveat as no auctioning of the rides and equipment will take place until a developer for the property has been selected.

With regards to the RFPs for redevelopment, 8 proposals were submitted and reviewed. Based on the merits, after scoring, in a public meeting environment, DAG Development and RCS were the two high scorers. He explained the scoring process had a potential total of 500 possible points. Of that number, DAG received 397 points, and RSC received 348.

Mr. Augustine was queried as to whether or not the process included scoring for job creation. He advised that some proposals were very detailed on this point and some were not. The Committee, however, was very strong in considering the jobs creation in each project.

Concerning the DAG proposal, Mr. Augustine advised that the proposal is multi-faceted, and includes a high-end outlet mall, a theme park and an entertainment venue which includes a sports park. They [the developers] were strict in how financing would be acquired, as well as the scheduling of each phase of the project. The proposal projected the creation of some 2,000 plus jobs at the mall and another 1,000 plus at the park. He further advised that the two top proposals that included an amusement park/theme park, may find use for some of the rides although an evaluation of the rides has not yet been done. Each developer is asking for a lot of "freebies". Mr. Augustine then digressed to address the concerns of the New Orleans East community and that, he, as a resident of that community, wish for quality of life in the area. Both proposals

address the issue of safety and theft. He continued to inform that one of the proposals consisted of a fourth phase which does include a hotel. The developers presented well-drafted proposals that also included statistics and analyses, as well as market research.

Other questions were raised as to whether or not a high-end outlet mall was realistic. Mr. Augustine advised that DAG [and Provident] were concise on the outlet mall concept, including research of the success of other high-end outlet malls. The proposal considered the buying power generated from the area including Chalmette and the North Shore, as well as tourists. He added that big box stores will be secondary. The proposed opening date is late 2014 or early 2015. DAG also had strong financial capacity. He assured the Board that the Committee took its time in reviewing each proposal, ensuring property assessment. DAG has a history of developing such sites. The second high scorer, RCS, has never done a theme park before but has some strong financial commitments.

Mrs. Good then inquired as to whether or not the developer planned to purchase or lease the land. Mr. Augustine advised that at this time there has been no discussion on the issue.

Mr. Flower then deviated from the agenda, advising that Mr. Eli Feinstein has been asked to sit on a committee of the New Orleans Business Alliance (NOBA) dedicated to attracting real estate sources to bring developers to New Orleans. His participation on this committee could strengthen the IDB's role in fostering economic development.

Policy and Procedures

Mr. Flower requested that no vote be taken at this time to approve the last version of the policy and procedures as written by Prof. Toni Weiss and reviewed by counsel, Ray Cornelius. Several years ago, after a Board retreat, the BGR submitted to the IDB a research paper of best practice PILOT-issuance procedures used in other cities. A subsequent meeting was held with Mr. Scott Willis and Mrs. Janet Howard, chair of the BGR and Executive Director, respectively, at which time a copy of the current IDB policy and procedures was provided. In a follow-up letter, Mr. Willis shared that the IDB still falls short of some of the recommendations suggested by the BGR in evaluating the need to issue a PILOT. Prof. Weiss will now try to ensure clean and concise steps are being taken to match the best of the BGR proposal with the IDB drafted policies and procedures where applicable.

One recommendation that is suggested (which the IDB does not implement at this time) is a "no conflict of interest" agreement between the IDB and its consultants. The other suggestion is a "ratio" analysis to compare benefits and costs. And, thirdly, as a Board, the IDB has never finalized how to incorporate the requirement of the developer to purchase materials locally during construction although it has been discussed on several occasions. On this issue, the Board was reminded that it should be mindful of the developer using a local distributor which is a sham and should be scrutinized/monitored. It was suggested that such a requirement could be made a part of the lease agreement. In an effort to understand how to implement this requirement, Mr. Flower stated that he discussed the issue with Mr. Gilmore of the Housing Authority of New Orleans only to find they have no policy either. Mr. Flower, however, recommended that 30% of the total construction dollar value could be a number with which to start. More difficult is the

value to be applied to permanent employment jobs during construction. The IDB has been successful in achieving a 40% local hire requirement. Mr. Flower again advised that Prof. Weiss will meet with BGR staff to go through their template.

Also discussed with the BGR, is their belief that the IDB's number one issue is to establish a "scoring system" which, as he explained, is not easy since projects submitted to the IDB are all different and IDB evaluation is based on the nature of the project and the benefits to the City. There is no "cookie cutter" approach.

In response to an inquiry, Mr. Flower then reminded the Board, that a meeting is held with representatives of the Mayor's office prior to the IDB's board meeting to ensure that the City and the IDB are on the same page regarding IDB projects to be considered and/or approved, especially those involving a PILOT.

Elections

The matter was tabled until January.

The meeting was adjourned at 2:00 PM.

Susan P. Good, Secretary/Treasurer
APPROVED February 15, 2012

NOTICE OF CANCELLATION

OF THE

BOARD MEETING

OF THE

INDUSTRIAL DEVELOPMENT BOARD

OF THE

CITY OF NEW ORLEANS, LA., INC.

THE TUESDAY, JANUARY 27, 2012 MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF NEW ORLEANS, LOUISIANA, INC. HAS BEEN CANCELLED. A NOTICE OF MEETING WILL BE TIMELY ISSUED IN ADVANCE OF THE NEXT MEETING DATE SCHEDULED FOR TUESDAY, FEBRUARY 15, 2012.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF NEW ORLEANS, LOUISIANA, INC.

JANUARY 11, 2012

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

**FEBRUARY 15, 2012 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Ronald G. Baptiste, Jr	Farrell J. Chatelain, Jr.	Elijah M. Feinstein
Walter C. Flower, III	Susan P. Good	John L. Koch
Helen LeBourgeois	Allison B. Randolph, III	Theodore Sanders
Darrel J. Saizan, Jr.	C. David Thompson	

Absent:

Justin T. Augustine, III	Dr. Ronald French	Alan H. Philipson
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Also Present:

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

Guests:

Kirk Lee, Cement Masons, Local 567
Theodore F. Kirn III, Office of Assessor Errol Williams
Steven Kennedy
Paul Prechtor, JCH Development
Jaquetta White, The Times-Picayune
Cristina Carapezza, Office of the Mayor of the City of New Orleans
Joe Rochelle, Office of Councilmember Jackie Clarkson
S. McDaniel, The McDaniel Group
Peter Reichard, Bureau of Governmental Research
Stephen Stuart, Bureau of Governmental Research
Scott Murphy, IW #58
Tony Caccioppo, LU669
Jeffrey Watson, J. Watson & Co.
Peg Songin, UAM, LLC
Steve, UAM, LLC
Terri Franklin, Regions Bank
Steven Hattier, HFS
Ernest Gethers, City of New Orleans, Ofc. of Economic Dev.
Aimee Quirk, City of New Orleans, Ofc. of Economic Dev.

Damon Burns, Morgan Keegan
Eric Lassain, Telejack & Things

President, Walter C. Flower III called the meeting to order at 12:37 PM. A roll call was conducted and a quorum confirmed. Introductions by all guests were held. By motion of Mr. Ronald Baptiste and seconded by Mr. Allison Randolph, the Board voted unanimously to approve the minutes of the December 2011 Board meeting.

ALGIERS CROSSING

A brief overview of the project was provided by bond counsel, David Wolf. He advised that only part of the proposed development would qualify for tax exempt bonds, i.e., the multi-family phase, and that is only if the Developer meets the required set aside number for low and medium-income tenants. Retail is included in the project, but that portion is not tax exempt. Preliminary approval of \$60M in bonds is being requested today and includes all phases of the project. He advised that the Developer may return for additional approval. No PILOT is being sought. He reminded the Board that preliminary approval is non-binding and if the Developer uses tax exempt bonds, it allows them the opportunity to seek reimbursement of certain funds expended. The Board has no obligation to issue bonds until the Developer is financially ready.

Mr. Wolf introduced the Developer representatives. Mr. Jeffrey Watson advised that he has met with City Councilmember Kristin Gisleson-Palmer. He has assured the Councilmember the community would be involved with the project. He then recognized Ms. Peggy Songin who advised that this project would be hiring locals and using local businesses. Mr. Steve Abdo informed the Board that he has done developments of this type for quite a number of years and understands the need for communication.

Mr. Flower asked if there have been any studies done to support the project. Ms. Songin replied, "Yes", but mainly on market rate projects but added there is a need for an update. Mr. Farrell Chatelain inquired as to the Developer's equity investment in the project. Ms. Songin responded at this time, the equity contribution consists of cash from the exiting partners plus an additional equity investment from other yet to be identified investors. Ms. Aimee Quirk advised that the group met with Mr. Ernest Gethers yesterday and there is interest in the project. Mr. Wolf added that the Developers would probably borrow some portion of the equity contribution. The Developers admitted that there are many questions concerning the equity investment and that their numbers were uncertain at this time. The developers understood that at the time of final approval they would need to explain the final capital structure to the Board. Mrs. Helen LeBourgeois inquired as to the type of retail which would be at the site. The representatives advised there will be a grocery, dry cleaner and pharmacy. Mr. Theodore Sanders informed the Board that he had the opportunity to meet with the Developers along with Councilmember Gisleson-Palmer, stating further that the project will be a great benefit to Algiers. The proposed project would fit in with the economic strategy created by the Algiers Economic Development Foundation. Ms. Songin added that the property is currently under an option. In answer to a question by Mr. Dave Thompson, Ms. Songin confirmed that 324 units of mixed-income housing are being proposed. Mr. Watson added that in order to be tax exempt, a portion of the units would have to be set aside for tenants whose income was less than a certain percentage of the area median income, pursuant to IRS code requirements. Ms. Quirk advised that a letter of

support has not been granted as the City is still doing its due diligence. As she understands it, the Developer is seeking a Federal grant and would like to understand how that is being done. The Developer proposes 26 permanent jobs will be created through a combination of retail and property management. Questions were raised regarding the cost per square foot and timeline, to which the Developer's representative advised that they wished to start in 4 - 6 months and estimate that stabilization would be the first quarter of 2014. The Board then asked for an updated study as Mr. John Koch stressed that the financial structure is not clear or complete.

Mr. Flower asked for the Board's pleasure in a vote for preliminary approval with a caveat that the Developer provides the required additional information on financial structure and investment. Mr. Wolf then interjected that the final terms of the financing will be provided by the developers in a term sheet furnished by the bond purchasers. Since the financial information presented today is unclear, he suggested a condition be placed in the resolution that before a final approval is granted, that the financial structure and the disclosure of the Developer's equity investment be settled. Ms. Songin assured the Board that the Developer would have all actual data provided in advance of their request.

By motion of Mr. Darrel Saizan and seconded by Mr. Sanders, the Board voted unanimously to grant preliminary approval to Algiers Crossing with the understanding that a true description of financial structure, along with disclosure of the Developer's equity investment, be presented to the Board in advance of any request for final or additional bond approval.

ELECTIONS

By motion of Mr. Thompson and seconded by Mr. Saizan, the Board unanimously voted for the re-election of all officers. Results: President: Walter C. Flower, III; Vice President: Allison B. Randolph, III; and Secretary-Treasurer-Susan P. Good.

CRESCENT CITY JOB MATCH

The President advised that Central City Partnership, the umbrella non-profit organization for the Crescent City Job Match program, plans to hold a fundraiser at Tipitina's. They are in hopes of raising \$100K to support the Job Match program. Mr. Flower advised that current funds are dissipating with only a couple of months in backing available. The key component to this program is job training and it is hoped that the IDB can be a catalyst in this phase of the program. He advised that he recently attended a meeting wherein there was a presentation by a representative of Union Baptist Seminary. It appears they have raised some funds for training. He added that the IDB needs to make sure that if there are any penalties by virtue of claw backs installed in Lease Agreements, that such funds may be used for "training" in the Job/Match program. In order to keep the Board apprised of how the program is functioning, Ms. Martin suggested a report be submitted by the Crescent City Job Match for the Board's review.

FINANCIALS

Financials for November and December were provided.

Budget

Mrs. Susan Good presented the budget as modified and advised that explanations have been provided therein regarding any increase or decrease in any line item. Mr. Randolph asked what the Board plans to do with the excess of \$152K revenue. Mrs. Good explained annual fee income over the past couple of years has been high, but that in time, some income will dry up. At this time, the IDB is saving the funds for future years when income will possibly decrease. After all discussions were had, by motion of Mr. Ronald Baptiste, and seconded by Mr. Koch, the Board voted unanimously to approve the Budget as presented.

Six Flags

Mr. Flower informed the Board that the IDB was waiting on a tax issue to be cleared in this matter. Notice was received from the Assessor's office seeking payment of unpaid taxes. He added that according to the agreement reached at a special board meeting, taxes were to have been extinguished upon the Board assuming ownership of the property. Ms. Martin added that the IDB record reflects receipt of a copy of a memo from City Attorney, Brenda Breaux, to the City's CFO, requesting that the taxes be erased pursuant to the Judgment rendered in the Six Flags bankruptcy case, as agreed upon at a special board meeting. To-date, no information has been received on the resolution of the problem. The Board was reminded that at that special called meeting, the City also agreed to maintain and secure the property, as well hold the IDB harmless from any liability. The agreement, which was signed by Mr. Flower on behalf of the IDB, was given to Ms. Breaux. However, a fully executed copy was never received by the IDB. Mr. Flower added that the City could not find where Mayor Nagin signed the agreement.

Mr. Chatelain then inquired as to whether individual Board members could be held liable if sued in connection with the Six Flags matter. Attorney Wolf advised that individual board members of the IDB could not be sued based on State law.

Mr. Flower then asked Ms. Aimee Quirk if she could provided an update on the RFP process. Ms. Quirk advised that of 8 applications received, the Committee selected two developers. That has now become the selection of one: Provident and DAG Development. DAG is the developer that plans to develop a high-end outlet mall at the site.

Ms. Quirk was then asked if the City plans to hold the IDB harmless of any liability if the situation arose. She advised that the City's position is that the property is owned by the IDB and that the City has not insured the property under that condition, and that the current administration was not planning to sign the agreement to maintain and insure the property. Mrs. Good stated concern that on one hand the City has assumed the lead role in the RFP process to find a developer for the property, and on the other hand refuses to assume any responsibility. In response, Ms. Quirk asserted that the RFP process was presented to and approved by the Board and that Mr. Augustine sits on the Selection Committee as an IDB representative.

Mr. Flower then interjected that efforts are underway to get the matter resolved and out of the hands of the IDB.

Other Financial Business

Mrs. Good then proposed to the Board that in light of the fact that the Chase operating account is over the \$250K protection of the FDIC, a second Certificate of Deposit be created at FNBC. FNBC has offered a rate of 2% for a year-one CD (the same as a previous CD purchased). The Board voted unanimously to create the Certificate of Deposit at FNBC.

ADMINISTRATOR'S REPORT

Ms. Martin presented that she has been working with NOBA in arranging a presentation by Mr. Flower to the New Orleans Economic Development Toolkit Task Force members and guests. She is still working with Hancock Bank on collecting IDB annual administrative fees. To date, \$211,486 of the \$295,736 has been collected. Additionally, she attended a meeting with Mr. Flower and Ms. Quirk re the development of a mixed-use facility with retail, housing and parking by an application to be submitted by a group headed by Matt Schwartz. She continues to work with the City's Treasury Department in collecting PILOT payments, interceding when asked or required. She is working to get letters out to those Developers regarding the outstanding employment reports due to the IDB which will be used by the McDaniel Group in the auditing of employment targets. She worked with three potential Developers on their submittal of IDB applications, and continues to work with Jeff Yellin on the monitoring of claw backs.

POLICIES AND PROCEDURES - Update

Mr. Flower informed the Board that he has had meetings with the BGR, and that he is currently examining IDB policy and procedures to be sure they are meaningful enough to be used in the future. He has been working with Prof. Toni Weiss on this issue. He advised he will have something to report for the March meeting.

Claw back Monitoring.

Ms. Martin advised that she and the IDB consultant, Jeff Yellin, are still working on the monitoring of claw backs. Some Developers have responded. However, a great number have not. A second letter is being prepared for issuance. She also advised that monitoring of the employment targets by Mr. McDaniel is being worked on. Mr. Flower interjected that with regard to the Hyatt, the audit should not only look at who was hired during construction but there should be a concentration on how many locals have been hired for permanent employment. Mr. McDaniel interjected and reminded the Board that the Hyatt is under a hotel management agreement. He will advise if he has any problems getting the information necessary.

The meeting was adjourned at 1:57 PM.

Susan P. Good, Secretary/Treasurer
APPROVED March 20, 2012