

**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