

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD
CITY OF NEW ORLEANS, LA, INC.
MARCH 8, 2016 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS, ORLEANS TOWER**

Present:

Walter C. Flower, III
Edith G. Jones
Darrel J. Saizan, Jr.
C. David Thompson

Eugene J. Green, Jr
Todd O. McDonald
Theodore Sanders, III

Kyle Jones
Alan H. Philipson
Eric Strachan

Absent:

Justin Augustine, III
Susan P. Good

Laura H. Brown
Jeffrey Schwartz

Troy A. Carter, Sr.

Also Present:

Sharon Martin, Administrator, IDB
Joyce Matthews, Administrative Assistant, IDB
David Wolf, Adams & Reese, Bond Counsel
James L. Moffett III, Adams & Reese, Bond Counsel

Guests:

Lee Longstreet
Mai Dang, Urban Strategies
Lauren Marshall, Woodward Design Build
Stephen Daste, FFC Capital
Chris Clement, HRI
April Kannyo, HANO
Toni Weiss, Consultant
Stanley McDaniel, The McDaniel Group
Margaret Montgomery Richard, HRI/DMM Associates
Dottie Reese, HRI/DMM Associates
Lauren Jardell, Sabiston Consultants
Leigh Ferguson, Downtown Development District
Sidney Barthelemy, HRI Properties
Brad Shannon, Palmisano Contractors
Tiger Hammond, Greater N. O. AFL-CIO
Jacqueline Frick, Orleans Parish Assessor's Office
Lisa Ross, Orleans Parish Assessor's Office
David Miller, Renaissance Property Group
Josh Collen, HRI
Lane Louque, Woodward Design Build
Teddy Newmyer, Renaissance Property Group
Hayne Rainey, City of New Orleans
Amber Seely-Mark, Renaissance Property Group
Courtney Stuckwisch, City of New Orleans, Mayor's Office
Kevin Western, Scurlock Entertainment

Frank Scurlock, Transformation Village
Brooke Caillouette, ACE High
Steven Kennedy, REO, LLC
Kirk Lee, Cement Mason
Dennis Cambre, Sheet Metal Workers #214
Emanuel Mitchell, Sr., Central South Carpenters #1846
Chad Woods, UBC Carpenters
Scott Murphy, Union Iron Workers
Rickey Fabra, North American NABTU Trades
Dylan Tete, Bastion
Robin Shannon, New Orleans City Business
Katherine Sayre, NOLA/Times-Picayune
Norma Jane Sabiston, Sabiston Consultants
Maurice C. Baird, City Council District E
Ernest Gethers, City of New Orleans, Mayor's Office

President, Alan H. Philipson, called the meeting to order at 12:32 PM. A roll call was conducted and a quorum confirmed. An introduction of guests was had. By motion of Mr. Darrel J. Saizan, Jr. with a second from Mr. Eugene J. Green, Jr., the Board voted unanimously for approval of the Board minutes of January 12, 2016.

THE IBERVILLE ON-SITE/RAMPART STREET HOMEWOOD SUITES - UPDATE

Josh Collen of HRI was introduced to present an overview of the DBE contracting and local hire monitoring on both the Iberville and Rampart Street Homewood Suites.

Rampart Street Homewood Suites

Mr. Collen advised that it has been challenging to meet the commitment targets and to assist, they contracted the services of DMM Associates (a DBE) to track compliance and monitoring with regards to DBE and local hiring in these two projects. Members of that team, Ms. Dottie Reese and Ms. Margaret Montgomery Richardson, were introduced. A copy of their report is attached and will provide a more detailed update. Mr. Collen advised on the status of construction at the Rampart Street Homewood Suites which includes to-date pile driving and pre-cast concrete at the off-site facility. He further advised that a Project Labor Agreement was entered into with the local building trades.

Ms. Richardson provided stats which the attached report supports. She added that Orleans Parish workforce is currently at 45%; and, participation of local business at 67%.

Iberville Update

Mr. Collen reminded the Board there are four phases to the Iberville On-Site. Phases I and II have been completed and the 227 units have been rented. These two phases have a good mix of low-income and market rate leasing. These phases reached both targets of 35% DBE participation and 40% local hire of Orleans Parish residents.

Phase III, 105 units with two historic buildings, townhouses and two retail units, is 80% complete. Phase IV is 15% complete. This phase will contain housing for seniors. The Section 3 commitment is moving along smoothly with 48 residents enrolled as trainees. HRI is looking to expand to include training of Iberville residents for the Rampart Street Homewood Suites project. Ultimate hiring of these trainees is the goal.

Ms. Richardson added that there are 37 DBE participants and 40% of the workforce, as of today, is local. Phase IV, she stated, is in the beginning stage. HRI, DMM & Woodward Design Build will meet the commitment of 35% for DBE participation and 40% local hire target.

Mrs. Edith Jones asked if the projects included advertising in the Times-Picayune for pre-bid stages and whether or not the advertising included the Baton Rouge area. She inquired as to whether or not there would be consideration for advertising in local, minority-owned publications. Mr. Collen stated that early on, Woodward did advertise in such publications. DMM is now involved and he was sure they would be considering such advertising media. Mrs. Jones then asked if any Iberville residents had been hired. To date, one has been hired. Mr. Collen stated that long term, they will be looking to hire more trainees. As of this date, there are 28 graduates from the customer service program. He added that Phase V is proposed to begin August 2016.

THE BASTION

Mr. David Wolf, bond counsel, presented to the Board a resolution detailing the approval of a 15-year PILOT (rather than a 30-year PILOT as originally requested by the Developer). The complete verbiage, including the proposed PILOT payment schedule, are contained in the Resolution. The proposal is not arbitrary but rather the result of several meetings held among the IDB Committee, the Mayor's office, (represented by Ms. Rebecca Conwell), and the Developer representatives, after review and discussion of the cost/benefit and the "but for" analyses and the Assessor's estimated taxes which is also taken into consideration. The structure and grant of this PILOT makes the project feasible for the developer. The negotiated PILOT schedule includes a 3% increase each year after year two, beginning with a combined payment of \$55,819 in year three. The PILOT for the combined payment will go through year 2032. The Mayor's Office is in agreement with the final proposal. There is a table on the second page of the Resolution (see below) that describes PILOT payment history. Below is an excerpt of the payment proposal.

<u>Tax Year</u>	<u>Phase I PILOT</u>	<u>Phase II PILOT</u>	<u>Total PILOT</u>	<u>Total IDB Annual Fee</u>	<u>Total Annual PILOT + Fee</u>
2017	\$ 6,727	0	\$ 6,727	0	\$ 6,727
2018	10,774	0	10,774	\$ 5,774	16,548
2019	17,045	\$ 33,000	50,045	5,774	55,819
2020	17,648	34,072	51,720	5,774	57,494
2021	18,234	35,210	53,444	5,774	59,218
2022	18,838	36,383	55,221	5,774	60,995
2023	19,461	37,590	57,051	5,774	62,825
2024	20,101	38,835	58,936	5,774	64,710
2025	20,761	40,116	60,877	5,774	66,651
2026	21,441	41,435	62,876	5,774	68,650
2027	22,141	42,795	64,936	5,774	70,710
2028	22,863	44,194	67,057	5,774	72,831
2029	23,605	45,637	69,242	5,774	75,016
2030	24,371	47,122	71,493	5,774	77,267
2031	25,159	48,652	73,811	5,774	79,585
2032	25,970	50,228	76,198	5,774	81,972

This proposal will be included in the Lease Agreement once approved by the Board. The Lease Agreement will also include targets for local hire of 40% and the 35% for DBE/MBE participation. Mr. Wolf then introduced Ms. Amber Seely-Marks, Developer representative.

Ms. Seely-Marks provided a general overview and thanked the Board for its time and consideration in reviewing the project and in negotiating a PILOT. Mr. Dylan Tete was then introduced who, after inquiries as to the services to be provided to veterans, stated that the neighborhood in which this project is located will serve wounded warriors and their families, helping them with rehabilitation needs, building up resilience and reintegration into society. These services will include not only health services but also mental care services.

Mr. Tete was also asked if this project would serve as a therapy model for other such projects and if there were any other such developments, locally or nationally, either in existence or planned and whether the VA is integrated into the process. He advised that last week, he spent two days with members of the Wounded Warrior project, a program which has generated \$1 billion for care of veterans. They are on board with this project. Mr. Saizan interjected that he would think the Board would be interested in seeing something in writing, and that based on television coverage, it was his understanding that the Wounded Warrior program is currently under scrutiny in terms of their getting these services to the veterans. He stated that he hopes this project does not get caught up in this investigation. Mr. Tete stated that he is aware of the coverage and that Wounded Warriors is now suing CBS for these allegations. He assured the Board that these two programs are not interchangeable or interlocked. They are two separate entities. Mr. David Thompson opined that it is his appreciation that The Bastion has its own board and that the Board should take into account that there are levels of scrutiny.

After all questions were reviewed and responded to, the President opened the floor for a motion to approve the PILOT as contained in the Resolution presented by counsel. By motion of Mr. Saizan, and seconded by Mr. Walter Flower III, the Board approved, unanimously, the PILOT proposal as contained in the Resolution.

ELECTIONS

Mr. Thompson offered a motion to keep the same slate of officers. Same was seconded by Mr. Flower. There being no further nominations, the Board unanimously voted Mr. Alan Philipson as President, Mr. Darrel Saizan as Vice President and Mrs. Susan Good as Secretary Treasurer for an additional one-year term or until successors are elected.

REPORTS

Financials

Ms. Sharon Martin, IDB Administrator, informed the Board, in Mrs. Good's absence, that a copy of the February financials are included in their folders for review.

Administrator's Report

Ms. Martin advised that a copy of her report was included in the Board members' folder and could be reviewed at their leisure.

Six Flags Update

Mr. Wolf advised that while there is nothing major to report at this time, he would take the time to update and provide an overview, for the number of new members who have been appointed and might not be aware of how this former Six Flags property (both developed and undeveloped parcels) became owned by the IDB. This would also serve as a useful time to remind everyone of the history of the site and where it stands to date in terms of the IDB maintaining, insuring and securing the site. Though he [Wolf] had not been as involved in the past as Ray Cornelius, the history is a bit complicated. Sometime in 2009, Ray Cornelius worked with Mr. Flower (the then President of the IDB) and the City, through its attorneys, to come to the aid of the City in the Six Flags bankruptcy settlement proceedings. At a specially called meeting, wherein certain Board members were in attendance, the City asked the IDB to take ownership of

the Six Flags site, including the additional 80 acres. Under pressure from the City, the Board acquiesced in the proposal, under the condition that the City would be responsible for all maintenance, upkeep, insurance and security. The City preferred to have the IDB own the property because the IDB would be able to sell, lease or ultimately dispose of the property more easily and with greater flexibility at some future date than the City could. The City Attorney agreed to the conditions and drafted an agreement wherein the City would be responsible for the maintenance, upkeep, insurance and security of the site. The IDB was to have no administrative costs associated with the site. This agreement would include a joint effort to try to market the site as economic development opportunity.

Mr. Flower agreed that his recollection was that in light of the verbal agreement for the IDB to take ownership, the City Attorney herself drafted an agreement. On behalf of the IDB, he signed the agreement and it was subsequently delivered to the City. Mr. Wolf showed the IDB a copy of the agreement signed by Mr. Flower in November 2009, but without the Mayor's signature. After repeated requests for a copy of the fully executed agreement, the document was never signed by the Nagin administration. Subsequently, the new administration came in and requests for the signed document still went without signature. Mr. Wolf advised that the document was a Cooperative Endeavor Agreement between the City and the IDB. Therein it stated that the City would provide 24-hour security, insurance (real and personal) and that the IDB would bear no financial responsibility. When the new mayor came in, and inquiries were made to secure a signed copy, the IDB was told the City would not sign the agreement. Since that time, Ms. Martin, as the IDB administrator, has had the job of primary overseer of the site, handling complaints, grass maintenance, fence repairs, security, and working with production companies which lease the site (which generated rental revenue). She constantly receives calls for access to the site to take photos, drone coverage, and film advertising. The IDB has denied many of these filming requests as it does not wish the site portrayed as derelict, which only serves to create curiosity and invite trespassers. There have also been inquiries for purchase of some of the rides in their current condition as some may still be serviceable but neither the IDB nor the City are sure of their value. With constant trespassing, many of the buildings are covered with graffiti and many are being slowly destroyed simply by the forces of nature. The Board, he added, is trying to do its best but it was not organized to manage property. Because the City has refused repeatedly to live up to its agreement to manage the property, the IDB has had to do what it could, under the circumstances, to manage it as best they could. Last year, the property generated approximately \$200K from rents paid by film productions. These funds and any funds generated from leasing of the site, are held in separate accounts, apart from other IDB funds. Recently, the IDB commissioned the services of a private security firm to patrol the site now that there is no film company leasing. As information, when leasing the site, the IDB required 24-hour security from the film companies, but the present arrangement is for the private patrols to check the property only several times daily. Mr. Wolf also reminded the Board and the press that the IDB and the City jointly issued Requests for Proposals for redevelopment of the site from which there were a few responses, two of which remain open until such time that one or the other can come up with financing of their proposal, which as we understand it, they are working on.

Mr. Wolf then stated that the overview today does not require any action by the IDB. Mr. Flower reminded the members that a developer did, in fact, come to the IDB to redevelop the site as an upscale outlet mall which would have attracted patrons from Mississippi, Baton Rouge, St. Tammany, etc. Unfortunately, this fairly strong developer had to rescind his proposal after the City decided to grant Riverwalk the space to create a retail outlet that replicated that which was proposed to the IDB. At this point, the Developer withdrew his proposal, advising there was not enough patrons to cover both malls. Mr. Wolf interjected that at the time, an option agreement had been signed between the IDB and the Developer, providing the developer time to do due diligence on the site prior to deciding whether or not to proceed with the proposed redevelopment. He [Wolf] added that two years ago, working with the Mayor's office, (Aimee Quirk), a second RFP was created and two proposals were received. To-date, they have not been able to secure financing of their respective projects and are still working on possible

financing. Mr. Philipson then asked that these Respondents delay any update at this time, and recommended that a request be made to the IDB through Ms. Martin.

After the presentation, Mr. Wolf stated that there are other cities in similar situations in the State. The General Motors Plant closed 3-4 years ago in Caddo Parish. After bankruptcy proceedings, Caddo Parish secured local control of the property and put it in the name of the Caddo Parish IDB. There is a current lessee for the site which generates about \$750,000/year in annual rental to the IDB/Parish. That lessee is responsible for maintenance of the site, security, equipment safety, etc. and is making good on its promises. The rents may increase if Elio Motors takes over the property and begins manufacturing its proposed 3-wheel, two-passenger car.

To date, the IDB/City generated RFP is still out, and under the terms of the RFP the City and IDB are still in the posture of being receptive to new proposals, although no new ones have come forward since the original two submitted in early 2014. The property has its problems but we hope for a film company to take lease of the site. In response to a question by Mr. Flower regarding the security of the site, Mr. Wolf advised that the IDB has tightened security with security patrolling the site several times daily.

Mr. Philipson, after Mr. Wolf's presentation, offered four options as he appreciated the matter, either

1. The City should sign the original Cooperative Endeavor Agreement (CEA), or one similar to it, that was agreed to wherein the City would assume responsibility and the IDB bears no financial responsibility, with the IDB transferring one half (1/2) of the total funds being held by the IDB (approximately \$469K is the total at this time), all conditions in accordance with the original agreement; or
2. The IDB would simply donate the property to the City, including 75% of the funds (\$350K);
3. In either case, the City takes the property and a portion of the funds; or
4. If the City does not agree to sign the CEA and take ownership, the IDB secures an appraisal of the property and may list the property for sale or auction

Mr. Wolf stated that these are just some ideas on how to move forward. There would be administrative expenses to the Board which will continue to be covered by the money in the Six Flags account. He advised that as an attorney, he thought it would be preferable from the IDB's standpoint for the City to take ownership now since the deal to own was as a favor to the City and that the City should own up to the responsibility as agreed upon originally. He further advised that if the City is willing to take over the upkeep and operation of the property, but not take back title, then the current CEA would have to be tweaked in order to protect the IDB based on the City's previous reluctance to maintain the site. Complicating matters is the fact that the IDB does not know what the property is worth. A current appraisal should be commissioned. This should be explored if the IDB gets any offers to purchase.

Mr. Flower offered a motion to move forward. Mr. Philipson interjected that the IDB should first wait to see how the City responds to the foregoing proposals. He then advised that Jimmie Thorns, local real estate appraiser and one who is familiar with the property, could be considered to prepare an appraisal. He added that the IDB should also talk with Rebecca Conwell on behalf of the City to get things underway next month. He offered a last proposal, if the City does not cooperate, the IDB should list and sell the property which makes an appraisal necessary. He reminded the Board that no action is needed at this time.

Mr. Philipson added that while the IDB is not equipped to handle the management of the site, staff has been doing a tremendous job.

Mr. Eugene Green asked if there had been discussion with the City or if this is the first time broaching the subject. Mr. Wolf advised that Ms. Conwell has been apprised of the matter. Mr. Green then asked if Ms. Conwell could explain the City's position to help for the sake of understanding the City's position.

Ms. Conwell, (on behalf of the City), stated that the City is not prepared to commit to day-to-day management of the site. She offered that perhaps the New Orleans Business Alliance could help move the property. The City welcomes the appraisal; and that the IDB should list it. It's in everyone's best interest to sell.

Mrs. Jones asked if that decision is to be made today. Mr. Philipson, after reviewing all proposals and appreciation of the matter, suggested that the IDB offer Ms. Conwell, as the City's representative, an opportunity to review the proposals that were presented and respond by the IDB's April board meeting.

Mr. Thompson interjected that he was at the original meeting wherein the IDB agreed to assume ownership to benefit the City and the City attorneys agreeing, on behalf of the City, to accept the presented conditions under which the IDB would accept. It was an emergency meeting called by the City to meet a bankruptcy filing deadline. Now that tax credits are shrinking and film companies are not coming in as they have in the past, and the City is saying they don't want to own the property, he suggested that the IDB gets the property appraised and sell it. The IDB entered into an agreement with the City, and the City has never followed through. He added that the City has appeared to work against IDB efforts to get the property redeveloped (again referring to the City's decision to support the Howard Hughes Company proposal to redevelop the Riverwalk). However, [he added], we are legally obligated to manage the site and should be able to do with it what it needs. Mr. Wolf advised that the IDB cannot unilaterally donate the property to the City without the City's willingness to take title. Mr. Flower asked if there was a possibility of convening a closed session to determine the IDB's future moves. Mr. Wolf advised there could be no executive session because the matter did not fall within any of the purposes for which an executive session is allowed.

Mr. Philipson reiterated his proposal that the IDB wait until Ms. Conwell has time to respond on behalf of the City. Mr. Green stated that as a practical point of view, the IDB should sell what rides it can and demolish all other existing rides. Mr. Philipson reminded the Board that the IDB had the opportunity to sell a couple of rides and had an offer that it thought it should have accepted but the City did not want to sell because they thought they could get more. All these things happened pre-Rebecca Conwell he pointed out. In answer to questions raised by Mr. Eric Strachan and Mrs. Jones, Mr. Wolf advised that 1) the approximate cost of an appraisal was somewhere in the neighborhood of \$20K and 2) included the salvage and/or market value, if applicable; and 3) it is possible for the IDB to auction the property.

Mr. Philipson again recommended that the Board wait until the April board meeting after a hopeful response from the City. After that time, the Board can move forward.

Mr. Saizan inquired as to the marketing efforts undertaken by NOLABA to market the property for development as he has not seen any examples of their marketing. Ms. Conwell advised that NOLABA is constantly trying to market the Six Flags site and the City, and especially so when they attend conferences such as the ICSC Conference. Mr. Philipson interjected that prior to Ms. Conwell's employment with the City, he proposed (with the support of the Board), that in light of the availability of funds, the IDB hire a "rain maker". He received word shortly thereafter from Aimee Quirk that the administration advised that under no uncertain terms should the IDB take on such an activity and that the IDB is to be pro-active, not re-active. At that point, Rod Miller was brought into the project supposedly to create a three-way partnership. Mr. Miller advised that NOLABA had no funds to participate. We continue to work in tandem with the City for a solution.

Mr. Wolf stated the IDB's efforts to return the site to an economic opportunity should continue as this was the main purpose. As the IDB's lawyer, he advised that the IDB press the City to live up to the terms of the agreement and to assume responsibility of overseeing the day-to-day operations, taking a portion of the funds to pay for the management of the site. Other comments were made by the Board encouraging an appraisal and placing it on the market, and to place the IDB's proposal in writing for presentation to the City.

PUBLIC COMMENTARY

Mr. Philipson opened the floor for public commentary. Mr. Steven Kennedy was recognized and suggested that with each item reviewed, resulting in a voted on by the Board, the public should be allowed to comment prior to a vote. He then stated that he had issues with the Iberville which bore no reflection on the HRI representatives but rather with HANO and the DBE goals not being met by the master contractor. He stated he was not sure if the IDB was aware of the controversial story which alleged that NOL-MAR was serving as a pass-thru company for the master contractor. He added that DMM is a good transition. He further commented that an appraisal of Six Flags would be in order as the IDB should know the value of its property. Mr. Philipson assured Mr. Kennedy that it would do its due diligence. Mr. Wolf commented that he understands the complexity and thanked Mr. Kennedy for his comments. Mr. Green added that he appreciated Mr. Kennedy's comments but that he [Green] should have addressed the Iberville issue. He reminded the Board that it had, in fact, agreed to allow public comment prior to any vote at a previous meeting.

Mr. Frank Scurlock of Scurlock Entertainment was then recognized. He asked that his name be added to the April agenda in order for him to provide an update on Transformation Village (a proposal in response to the RFP for redevelopment of the Six Flags site).

There being no further new or old business, a motion was offered by Mr. Green and seconded by Mr. Saizan for adjournment of the meeting at 1:45 P.M.

Susan P. Good, Secretary/Treasurer