



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

**AUGUST 22 2012 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin T. Augustine, III
Elijah M. Feinstein
Helen LeBourgeois
Allison B. Randolph, III

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

Farrell J. Chatelain, Jr.
Dr. Ronald French
George V. Perez, Jr.
C. David Thompson

Absent:

Laura Brown

Susan P. Good

Theodore Sanders

Also Present:

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

Guests:

Bradley McCoy, Stirling Properties
Stanley McDaniel, The McDaniel Group
Kirk Lee, Cement Masons-Local 567
Henry Charlot, Downtown Development District
Joe Rochelle, City Council
Ben Myers, City Business
Bill Soltz, Commercial Advisors
Matt Schwartz, Domain Companies
Don Allison, Advantous Consulting
Aimee Quirk, City of New Orleans
Toni Weiss, Tulane University
Ernest Gethers, City of New Orleans
Jeb Bruneau, Advantous Consulting
Damon Burns, Morgan Keegan
Richard Allen, HRI
LaSwanda Green, Downtown Development District
Max Vorhoff, New Orleans Business Alliance
Melissa Ehlinger, New Orleans Business Alliance
Lauren McKnight, FFC Capital Advisors

Stephen Daste, FFC Capital Advisors
Brent Pagragan, Carr, Riggs & Ingram
Becky Mowbray, Times Picayune
Stephen Stuart, Bureau of Governmental Research
D. Francis, City of New Orleans
Carol Rocque, Damon Rocque Securities Corporation
Kim T. Henry, Essential Environmental Engineering, Inc.
Kahlid Gross, Capital Projects

President, Walter C. Flower III called the meeting to order at 12:33 PM. A roll call was conducted and a quorum confirmed. Introductions by all guests were held. By motion of Mr. C. David Thompson and seconded by Mr. Allison B. Randolph, III, the Board voted unanimously to approve the minutes of the June 6, 2012 Board meeting.

The President introduced and welcomed the newest member of the Industrial Development Board, Mr. George V. Perez, Jr.

SOUTH MARKET DISTRICT

Mr. Matthew Schwartz, representing the South Market District projects, was introduced. He provided an overview of and a status update on the projects. The President then informed the Board, that after several meetings and with input from the City and the New Orleans Business Alliance, it is believed that a PILOT proposal has been generated that would make this project work. He added that during these meetings, the Developer shared concerns regarding the financial claw back requirements of the IDB. After careful consideration of the Developer's 15-year PILOT request and the presentation of its 15-year pro forma, the IDB Board is now being asked for approval of the following:

PILOT Proposal

1. During the first two years (2013 and 2014 - the construction period) taxes will be frozen at its current level of approximately \$112,000 for Parcels C & D combined.
2. After the construction period, the IDB proposes a 10-year PILOT beginning in year 2015 constructed as follows:
 - a. From 2015 - 2021, inclusive, taxes will increase each year by 5%;
 - b. In year 2022, taxes will increase by 25% on taxes to be estimated by the Assessor;
 - c. In year 2023, taxes will increase by 50% on taxes to be estimated by the Assessor;
 - d. In year 2024, taxes will increase by 75% on taxes to be estimated by the Assessor;
 - e. In year 2025, the end of the PILOT, taxes would be at full value;
 - f. The Developer shall make every effort possible to meet the IDB's 40% local hire requirement;

- g. The Developer will adhere to the City's 35% DBE participation requirement;
- h. Failure to meet the requirements would trigger claw backs during the construction period.

No financial claw backs were discussed. With regard to the City's DBE requirement, failure to meet that commitment gives the City the authority to withdraw its support of the PILOT.

Prof. Toni Weiss was asked to provide information relative to taxes foregone and jobs to be created. The construction time frame for Parcel C (retail and apartments) is estimated at 18 months and Parcel D (parking garage and retail), 10 months. The numbers of jobs to be created: Parcel C - 41 and Parcel D - 71. Discussions were held concerning the projects and their loan structures. Financing has not yet been secured. In answer to questions concerning sales taxes generated from these projects, the Board was advised that Parcel C sales tax revenues to the City were estimated at \$10M. Parcel D sales tax revenues were estimated at \$8M.

Mr. Schwartz was asked for a list of the proposed retail tenants. He informed the Board that at this time, he was not able to disclose the names of tenants as negotiations with a number of proposed tenants are still underway. He did state, however, that the tenant base would be comprised of national and local businesses. Ms. Aimee Quirk interjected that the proposed projects are a benefit to the City. She, along with Messrs. Flower and Philipson, thanked Melissa Ehlinger and Max Vorhoff of the New Orleans Business Alliance for their input and advice on reaching a reasonable proposal. Mr. Flower added that with the Assessor's input in providing hard numbers, the process of reaching a final proposal was made easy. It is hoped that his input on the future value of the property is continued.

After all discussions were had, the President requested a motion for approval of the PILOT payment plan, including the 40% local hire requirement and the City's 35% DBE participation requirement. By motion of Mr. Alan Philipson and seconded by Mr. Darrel Saizan, the Board voted 11 Yeas and 1 Abstention for approval of the proposed PILOT. Final documents are to be rendered once financing has been secured.

SIX FLAGS

Bond counsel, Ray Cornelius, advised the Board that negotiations between the City and DAG/Provident continue to move forward concerning the outlet mall. Final comments on the documents are anticipated within the next few weeks. It is forecasted that by next year, a determination will be made as to whether or not this project will move forward. Further, he advised, there has been film activity at the site and that revenues generated for such activity and any future similar activities can create income for continued maintenance and security of the site. Mr. Cornelius advised that Mr. Flower has been extremely cautious in ensuring that any filming at the Six Flags site does not promote the site in any negative fashion or a fashion that could impede any redevelopment of the site. Mr. Flower interjected that as a result of the last filming activity, the grass on the site and at both entrances have been cut and fences have been repaired, and, that as with any filming activity, insurance is a requirement. Ms. Quirk stated that the announcement by the Riverwalk developer of its plans to include the addition of an upscale outlet mall component will have no bearing on what is being proposed at Six Flags. Mr. Cornelius added that IDB approvals to allow filming should not interfere with the Developers work.

ADMINISTRATOR'S REPORT

Ms. Martin reported that she continues to work with both consultants on the claw back monitoring, and the employment monitoring. Jeff Yellin, the consultant who was selected to handle the PILOT claw back monitoring, recently advised that he is no longer able to continue work on the project. Mr. Flower interjected that Mr. Yellin has been out of the country for quite a while and as a result, is unable to continue the assignment. Ms. Martin further advised that she was in attendance at a meeting between Mr. Flower and Mr. Keith Eleuterius, the newly selected consultant to handle the monitoring of the PILOT claw backs. Mr. Baptiste questioned the manner of arbitrary selection of a consultant and suggested that the process should allow other board participation and input. Mr. Flower interjected that Mr. Eleuterius was not officially assigned or commissioned but that rather, he is in the process of assessing the assignment in an effort to determine any additional or supplemental fees that might be due by the developer.

Ms. Martin advised that grass along the Michoud Boulevard corridor between Adventure and W. Cavalier near Six Flags has been recently cut and the cost was the same as quoted - \$3,150. Additionally, she attended a meeting with Ray Cornelius involving Six Flags to clear Fox Production and its use of the site. While there, they met with representatives of Red Bull who is requesting use of the site for filming. IDB signs have now been placed at the Drury Inn Hotel site on Poydras. She attended a meeting in re South Market District Projects with Aimee Quirk, Matt Schwartz (Developer), NOBA representatives Melissa Ehlinger and Max Vorhoff, and IDB committee members, Walter Flower, Alan Philipson, and Allison Randolph. She has worked with Ray Cornelius, Mr. Flower and the Mayor's Film Office regarding a Six Flags-site-use request by film companies. Work to update the IDB website continues and the IDB's 2010 audit has been included. She met with Mr. McDaniel in connection with the employment monitoring and as a result now seeks the support of Mr. Flower and bond counsel in obtaining requested data that has yet to be delivered by the Hyatt and Zelia. Mr. Flower requested bond counsel's involvement. She further advised that she was successful in collecting the outstanding administrative fee of \$750 due from the Developer in the New Savoy II project, and that she is currently working on the 2012-2013 administrative fee data to be delivered to Hancock/Whitney.

OTHER BUSINESS

Mr. Flower updated the Board on the financial status of Crescent City Job Match, advising that over 220 matches have been made to-date. In addition to the HANO requirement of contractors posting jobs, the program has been successful in securing the posting of jobs by other local employers. Since the last infusion by the IDB and HANO, the funds of the program have been depleted or will soon be depleted. He and Mr. Gilmore agreed that if each were to come up with \$20K, the other would try to match it. He then asked the Board to consider the infusion of \$20K for continuance of the program. Prior to a motion, with many of the board in approval, Mr. Randolph interjected that he agreed the program was a good one but that he had concerns about compensation to the IDB staff. Mr. Philipson suggested that such a discussion should be held in an Executive Committee meeting or, as otherwise suggested by Mr. Cornelius, an Executive Session. Such an executive session is generally held towards the end of a board meeting he advised. Mr. Baptiste offered that it was his understanding that an employee could waive his/her right to have the matter discussed in an Executive Session. Mr. Randolph asked Ms. Martin to get with him to secure four Board members to volunteer on a committee to review personnel matters. After all discussions, a motion by Mr. Philipson and seconded by Ms. Helen LeBourgeois to approve an additional infusion of \$20K into the Crescent City Job Match program, the Board voted unanimously for approval of same.

On another issue, Ms. Martin, requested board consideration of a Crescent City Job Match ad in the upcoming edition BreakThru magazine which reaches a large local audience, advising further that inclusion of the ad will run for two months. No decision was made at this time.

The Board then discussed the change of date of the IDB's monthly board meetings. After motion of Helen LeBourgeois, seconded by Mr. Justin Augustine, the Board voted unanimously to change the IDB's meeting date from the third (3rd) Tuesday of each month to the second (2nd) Tuesday of each month. The meetings will be held at the same time and at the same location. Ms. Martin is to ensure the use of the 21st floor conference room.

FINANCIAL

Ms. Martin informed the Board that a copy of the current audit was included in their packets. She then introduced Mr. Brent Pagragan who provided an overview of the findings of the audit. In conclusion, he advised that the IDB received a good 2011 audit. The Board voted unanimously to approve the 2011 Audit.

The meeting was adjourned at 1:49 PM.

Susan P. Good, Secretary/Treasurer