



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

**JANUARY 8, 2013 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin Augustine, III
Elijah M. Feinstein
Helen LeBourgeois
Darrel J. Saizan, Jr.

Ronald G. Baptiste, Jr
Walter C. Flower, III
George V. Perez, Jr.
Theodore Sanders

Susan P. Good
Dr. Ronald French
Alan H. Philipson
C. David Thompson

Absent:

Laura H. Brown

Farrell J. Chatelain, Jr.

Allison B. Randolph, III

Also Present:

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

Guests:

Ben Myers, City Business
Billy Burk, Starlight Studios
Kevin Murphy, Starlight Studios
King Logan, Starlight Studios
Leigh Ferguson, Downtown Development District
Scott Murphy, IWLU 58 (Union)
Tony Cacioppi, LU669 (Union)
Tom Cronin, Boh Bros.
Tiger Hammond, SELABTC (Union)
Stanley McDaniel, The McDaniel Group
Jeb Bruneau, Advantous Consulting, LLC
Max Vorhoff, New Orleans Business Alliance
Derrick Francis, City of New Orleans, Mayor's Office
LaSwanda Green, Downtown Development District
Ted Kirn, Office of the Assessor
Matt Morrin, Enterprise (Lafitte)
Alfred Marshall, Stand with Dignity
Cleland Powell, Iberia Bank
Ernest Gethers, City of New Orleans, Dept. of Economic Development
Aimee Quirk, City of New Orleans, Dept. of Economic Development

Maria Auzenne, Auzenne & Associates, LLC
C. Rocque, Damon Rocque Securities Corp.

President, Walter C. Flower III, called the meeting to order at 12:40 PM. A roll call was conducted and a quorum confirmed. Introductions by all guests were held. By motion of Dr. Ronald French and seconded by Mr. Ronald G. Baptiste, Jr., the Board voted unanimously to approve the minutes of the December 11, 2012 Board meeting. Mr. Flower then announced that in light of the third Tuesday falling on Mardi Gras, the next board meeting would be held on Tuesday, February 19, 2013. Notices will be distributed.

STARLIGHT STUDIOS

Developer representative, Billy Burk was recognized and provided the Board with a clarification of the estimated total construction employment cost, advising that the number in the application of \$1M is incorrect. The estimated employment cost during construction is \$7M. Mr. Burk also cleared up questions concerning the zoning. He explained the property is listed as "light industrial" per a letter from Zoning of the City of New Orleans. (This letter is part of the IDB office file.) As an overview Mr. Burk stated that the proposal is for the construction of a state-of-the-art film, recording, and sound studio with production facilities, located in New Orleans East across from NASA. The project seeks a ten-year PILOT with a proposed yearly PILOT payment of \$36K. Current taxes are \$5600 per year. The \$36K proposal is based on current tax for the land plus 5% for projected tax liability. The financing will be by conventional loan. Mr. Burk stated that the facility will rent space to the film-related market. Hiring is estimated at 500 per year based on film contracts, with an estimated 90% local hire and an estimated \$20M in payroll. The project would have to have 70% to break even at the PILOT level proposed. Mr. Flower informed the Developer of the IDB's 40% local-hire requirement during construction and, Mr. Darrel Saizan added the IDB is also interested in a level of permanent employment. Mr. David Thompson questioned the PILOT proposal as presented, noting in particular, that based on the application, 1) there will be 8 - 10 permanent jobs, 2) there is no way of knowing how many permanent jobs will be created thru film contracts or by tenants of the facility; and 3) in addition to revenue generated by film contracts, rents will also be collected. He suggested that based on these revenue streams alone, it might be wise to reconsider the proposed PILOT. Mr. Flower interjected that the Board is enthusiastic about the project but added that consideration is based on the benefits to the City. He suggested that Mr. Thompson's evaluation be considered. By way of question from Mrs. Helen LeBourgeois, Mr. Kevin Murphy, a Developer representative, provided that based on his experience in the film industry, a film company such as Starlight Studios would yield from a \$220M project approximately \$3M for lot rental, etc. Not a lot of money, he explained, but the work created would still have an impact in the area. This \$3M does not include post-production costs. In most instances, it is difficult to keep this type of work local.

After discussion, Mrs. LeBourgeois motioned and Mr. Alan Philipson seconded to grant preliminary approval for the Starlight Studios project. The Board vote was 11 yeas and 1 recusal.

After the vote, Mr. Flower reminded the Developer that to have the PILOT request considered, a cost/benefit and a "but for" analysis must be performed to which the Developer must agree to assume the costs of such. The Developer agreed and was advised that a letter would be forthcoming explaining the process.

FINANCIAL REPORT

Mrs. Susan Good, Secretary-Treasurer, presented a "re-do" of the November financials. The corrected statement reflects the adjustment in the budget for the approval of the \$20K by the Board not as a contribution but rather as professional services for the Job Match program. Mrs. Good further stated that the IDB met its administrative fee target and is doing well against the 2012 budget. Also included in the Board packet is a December preliminary. A final December report could not be presented at this time as all bank statements were not yet received prior to the meeting.

ADMINISTRATOR'S REPORT

Ms. Sharon Martin, Administrator, presented her report for the month, citing in particular Six Flags work with bond counsel and Fox La. Production re contracts for site rental, as well as grass cutting, moving of barricades and numerous inquiries re rental of site. Work continues with Ted Kirn of the Assessor's Office and Milton Coulon, Assistant City Treasurer, re PILOT and tax issues for 521 Tchoupitoulas, 930 Poydras, Halpern's and The Saulet. Problems with internet and computer. Current problem with Extra Space Storage and their late fee practices, which result in an inquiry into the moving of files from that location to the City Archive. The move cannot be done without the explicit approval by the La. State Dept. of Records Management. Drafting of letters to City Council members re Board attendance, as well as pending term expirations. Working with website manager to re-vamp the IDB website. After her report, Mr. Ernest Gethers was asked about the status of the City's assistance in relocating donated barricades to be placed at the Six Flags site. He reported that unfortunately, the Department which would handle this request does not have means/funds in its budget to help. Mr. Augustine questioned the cost to rent equipment to move the barricades to the Six Flags site. Mr. Flower then informed the Board that there is a possibility that the Six Flags Developer or a film company could be required to move the barricades. Mr. Flower then inquired as to the status of the monitoring by consultant, Keith Eleuterius. Ms. Martin advised that she continues to work with Mr. Eleuterius. The work which he began on 930 Poydras was halted as we await the new assessment of the property which will include the improvements. Ms. Martin was asked to look at other PILOT files to see which might require monitoring.

EMPLOYMENT MONITORING

Mr. Stanley McDaniel of the McDaniel Group advised that the monitoring conducted in the New Savoy project showed that the Developer spent 30% of total construction costs locally during vertical construction. The findings of the report show that the Developer was, therefore, compliant. Of the \$18.5M spent during vertical construction, the Developer spent \$5.6M locally. According to the Board, penalties would only be applied unless there was a 1% deficiency in meeting the target. Mr. McDaniel advised that the Developer was very helpful in providing requested information.

ELECTIONS

Elections were tabled until the February 19, 2013 board meeting.

The meeting adjourned at 1:28PM.

Susan P. Good, Secretary/Treasurer