



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

**JULY 9, 2013 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Walter C. Flower, III
Eugene J. Green, Jr.
Allison B. Randolph, III
C. David Thompson

Dr. Ronald French
Edith G. Jones
Darrel J. Saizan, Jr.

Susan P. Good
Alan H. Philipson
Eric B. Strachan

Absent:

Justin Augustine, III
Marshall Cleland Powell

Laura H. Brown
Theodore Sanders

Elijah M. Feinstein

Also Present:

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

Guests:

Jaquette White, The Advocate
Ben Myers, City Business
Robin Shannon, City Business
Tonya Pope, Jazzland Theme Park
Ted Kirn, Office of Erroll G. Williams
David Wilthew, Scurlock Development
Keith Pinkston, Baker Donelson
Randy Opotowsky, Steeg Law Firm
Lain Gorman, ACM, LLC
Michael Mancuso, Elkins, PLC
Michell Strickland, Office of the Mayor, City of New Orleans
Ernest Gethers, Office of Economic Development, City of New Orleans
Mark Maher, HRI Properties
Stephen Stuart, Bureau of Governmental Research
Max Vorhoff, New Orleans Business Alliance
Stanley McDaniel, The McDaniel Group
Josh Collen, HRI Properties
Joy Willig, HRI Properties
Toni Weiss, Professor Tulane University

President, Alan H. Philipson, called the meeting to order at 12:34 PM. A roll call was conducted and a quorum confirmed. Introductions by all guests were held. By motion of Mr. Walter Flower and seconded by Mr. Allison Randolph, the Board voted 13 Yeas and one (1) Abstention for approval of the minutes of the May 14, 2013 Board meeting with a note from Mrs. Edith Jones that the minutes did not include her as present or absent. Ms. Sharon Martin acknowledged the omission/error and will correct the minutes accordingly.

STARLIGHT STUDIOS

As no representative was present, the matter had no update.

AMERICAN CAN APARTMENTS - SALE OF

Bond Counsel, Ray Cornelius, presented this matter, advising that the Developer comes before the Board to seek approval for the sale of the American Can Apartments. Mr. Cornelius advised that even with the maturation of the PILOT and the redemption of the Bonds, there are still certain monitoring responsibilities incumbent upon the IDB beyond those maturations. Those requirements are set by language in the closing documents that require the IDB to continue monitoring certain aspects of the project beyond the PILOT and the bond maturities. He then presented a form of a resolution to be adopted by the Board, approving and granting authority for the sale of the American Can Apartments. The resolution language also allows the transfer of the property to the new owner. Ms Sharon Martin, the IDB Administrator, confirmed that the PILOT has reached maturity and that the Developer has been paying full taxes for the past two years. With this monitoring requirement, Mr. Cornelius counseled that such monitoring should not be conducted by the IDB but rather by an independent consultant with the cost borne by the Developer.

Dr. Ronald French, stated that he would like to know what has been lost in taxes over the duration of the PILOT period for this project. He was informed that at the time this PILOT was granted (2000), the claw back process had not yet been implemented.

Ted Kirn of Assessor Errol Williams' office offered his appreciation of what occurs when the PILOT has expired, adding that it is his understanding that a form must be filed with the Assessor's office. Mr. Cornelius, for the sake of clarity, advised that a PILOT is not subject to the same process as that of a RTA (Restoration Tax Abatement) which is issued by the City. He then reminded the Board that the Supreme Court recently upheld that properties owned by the IDB are tax exempt whether the lease is assigned or not. Once the bond issuance and the PILOT have matured, the property goes on to the tax rolls by way of the transfer of title. If the Lease Agreement states it can be assigned, then the lease can be transferred and remain off the tax rolls while still in the name of the IDB.

Mr. Mike Mancuso, representing the seller, asked the Board to approve the transfer by American Can Apartments to ACM and Mr. Andrew Schwartz, buyer and principal. The Board was advised that currently the property is 98% occupied and that the bonds will be paid out in completing this transaction. Mr. Randy Opotowsky from the Steeg Law Firm, representing the interests of the buyer and principal, added that the experience of Mr. Schwartz and his company on such projects are mainly located in Atlanta and other major cities along the south and east coast.

The President then asked for a motion to approve the sale of the American Can Apartments. By motion of Mrs. Susan Good and seconded by Mr. Flower, the vote passed unanimously to approve the resolution to allow the sale.

IBERVILLE ON-SITE

The President advised that this matter was not ready for discussion as PILOT negotiations were still underway. The matter was deferred until the August board meeting.

FINANCIAL REPORT

Mrs. Good, Secretary-Treasurer, advised that a copy of the May financials was included in the Board packet. She then advised that certain IDB bank accounts may be over and above the \$250K protection threshold of the FDIC. Mr. Philipson is investigating a program that could allow the IDB to keep its funds with the institution even though it exceeds the \$250K rather than having to create a new account at another bank. Once he gets the details of this program, he will share them with the Board. She further advised that the IDB has received a check in the amount of \$5,500 from Fox Louisiana Productions to be deposited in the Iberia account. This amount represents Fox's use of the site for the month of June. By motion of Mrs. Good and seconded by Mr. Dave Thompson, the financial report was approved unanimously by the Board.

There was a side discussion regarding the Starlight development. Mr. Cornelius advised he will check with the developer before the August meeting to determine the status of its financing.

On another subject matter, Mr. Cornelius informed the Board that it is in possession of \$160K from the Poydras Properties L.L.C. (Hyatt Hotel). The funds were placed in a separate account at Gulf Coast Bank and Trust with discussions pending as to how the funds would be turned over to the City. This amount represents a claw back penalty due by the Developer for not meeting the IDB's 40% local hire requirement during construction. He reminded the Board that the Lease Agreement says such funds are to be remitted to the City's Treasurer as if they were ad valorem taxes. The City will then distribute to the tax recipient bodies. Mr. Flower interjected that the penalty for not meeting the IDB's local hire requirement was a supplemental payment due by the Developer. It was hoped that part of such funds would be used for training for jobs in the community. Unfortunately, he advised, such language had not been established at the time of the Hyatt project. He hopes that such funds will go towards the training of applicants for jobs in the Job Match program in the future.

Mrs. Good informed the Board that the IDB's 2012 audit has been completed and has been timely filed with the Louisiana Legislative Auditor's office. We are now waiting for approval from the LLA, and until such time it cannot be posted to the website.

ADMINISTRATOR'S REPORT

Ms. Martin, Administrator, advised that a copy of her report is included in each Board packet. She stated that while numerous activities were dealt with, she asked that each Board member review it and if there were any questions, to please call or email her.

UPDATES

DBE Committee Update

Mr. Allison Randolph, Committee Chair, advised that the Committee has not met again since informed that the City Council was in the process of reviewing new proposed Ordinance language that placed more requirements on the Developer. He showed a copy of the new Ordinance, signed by the Mayor, which he said he just received. He said a meeting would be set up with the Committee members prior to the August board meeting,

Fee Structure Committee

Mrs. Good, the Committee Chair, advised the Board that the Committee had one meeting. They are currently working with bond counsel, David Wolf, who is in the process of gathering best practices and uses. Once he has gathered the information, the Committee will reconvene.

Six Flags

Mr. Philipson informed that the Developer, DAG/Provident, is still pursuing options. The other issue in the Six Flags matter is insurance. Ms. Martin advised that previous attempts to get quotes for the site proved fruitless with declines coming from insurers. She will check again.

DAG/Provident

Mr. Eugene Green inquired as to the status of the engineering report that was to have been presented to the Board by the Developer in June. Mr. Philipson advised that the Developer is working on the report and reminded the Board that the Developer did make a presentation at the May meeting. Mr. Green added that is important that the IDB and the City move forward on developing the site as it is a huge blight in the neighborhood and he doesn't feel the Board is getting enough information from the Developer. He then asked if the Developer could arbitrarily change the proposal it submitted in response to the RFP. Mr. Philipson then asked Ernest Gethers, the City's representative on economic development, if there is a requirement for a new RFP. Mr. Gethers advised that the City is waiting to hear from DAG on this as their response had several components. Mr. Philipson reminded the Board that DAG is still under a 2-year contract that was engaged in December 2012. Mr. Cornelius stated that if at the end of the year there is no acceptable plan, the proposal will be revisited. The Developer will be asked to present an update at the August meeting.

After all matters were addressed, there was a motion by Mr. Randolph and seconded by Mrs. Good for adjournment.

The meeting adjourned at 1:17 PM.

Susan P. Good, Secretary/Treasurer