



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

**AUGUST 29, 2013 AT 1:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS - THE AMOCO BUILDING**

Present:

Justin Augustine, III
Susan P. Good
Alan H. Philipson
Darrel J. Saizan, Jr.
C. David Thompson

Laura H. Brown
Eugene J. Green, Jr.
Marshall Cleland Powell
Theodore Sanders

Walter C. Flower, III
Edith G. Jones
Allison B. Randolph, III
Eric B. Strachan

Absent:

Elijah M. Feinstein

Dr. Ronald French

Also Present:

Joyce Matthews, Admin. Assistant, IDB
David Wolf, Adams & Reese, Bond Counsel

Guests:

Dawn Renton, Entergy
Byron Poydras, BNY Mellon Trust
Kevin Murphy, Starlight Studios
Billy Burk, Starlight Studios
Robin Shannon, City Business
Stanley McDaniel, McDaniel Group, LLC
King Logan, Starlight Studios
Ted Kirn, Office of Assessor Erroll G. Williams
Lauren Marshall, Woodward Design Build
Lane Louque, Woodward Design Build
David Wilthew, Scurlock Development
Carol G. Rocque, Damon Rocque Securities Corp.
Brian Lawlor, Director of Housing Policy and Community Development, City of New Orleans
Rosalind Peychaud, OCD/ORU
Charles Rice, President/CEO Entergy New Orleans, Inc.
Aimee Quirk, Economic Development, City of New Orleans
Janet Halls?
Joy Willig, HRI Properties
Carey Slocum, HRI Properties
Josh Collen, HRI Properties
Ernest Gethers, Office of Economic Development, City of New Orleans

Tonya Pope, Jazzland Theme Park
Maurice C. Baird, District E, City of New Orleans

President, Alan H. Philipson, called the meeting to order at 1:37 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 Ms. Edith Jones, the Board voted unanimously for approval of the minutes of the July 9, 2013 Board meeting.

STARLIGHT STUDIOS

Mr. Billy Burk, owner and representative, gave a status update on the project. He summarized an update he had previously submitted to the IDB in July. The update focused on the Developer's ongoing financial efforts. He stated that they were acquiring \$1.3M in private equity and commitments for the private equity. Currently, they were working with Baker Martin Capital, and lenders for the debt piece.

Some of the brokers were putting together financial pieces while others were working with new market tax credit banks. Conversations are ongoing with the Office of Community Development, which informed them that once they secured the senior debt piece, they would then be able to move to the next step in the application process.

He concluded they were 'on point' as scheduled.

IBERVILLE PILOT AND CLAWBACK APPROVAL

IDB Board member, Mr. David Thompson, related the results of discussions with the developer of the Iberville Project. An agreement to the employment goal of 40% local hire was reached and claw backs are in place. The Developer also agreed to a PILOT program as offered by the IDB and PILOT amounts. All 3 phases of the project would garner \$1.875M total payment over the 25-year PILOT period at an average of \$75K/year. At maturity, the maximum tax as assessed by the City Assessor would be paid. Closing Fees were set at \$20,000. Mr. Thompson reminded that currently HANO pays no taxes on this property.

He concluded that this Project had the added benefit of allowing the IDB to refocus its efforts to not only take care of citizens of Orleans Parish, but to help those citizens gain jobs and work.

The IDB DBE Committee Chair, Mr. Allison Randolph, presented an update, interjecting that this was the first go round for the IDB to include in the PILOT program the utilization of Disadvantaged Business Entities (DBE's). Adding, that both the IDB and the City consider this an extremely important aspect for this and future projects. He believed such an inclusion to be a very fair obligation being placed on the Developer. Referencing the Developer, he commented that the Committee agreed to a tiered system wherein the objective would be to rate DBE's in Orleans Parish first, then surrounding parishes and cities, and then within the State. Included in the agreement language is a 'Standards of Demonstrated Good Faith Efforts' (GFE), He advised that if Developers follow all procedures, do all recording that's necessary, they will meet DBE goals.

Mr. Darrel Saizan, inquired as to whether HRI encouraged additional new hires, He commented that his concern was how to get the ripple effect in hiring locally.

Mr. Josh Collen of HRI responded, yes. It was encouraged and HRI's philosophy is to have qualified local contractors and diversity. He believes 'the spirit' is there to achieve these goals.

Mr. Eugene Green, commended the City in its tireless efforts at working closely with organizations on the DBE component. He believed that HRI had the outline for a model program that ensures Orleans Parish residents and DBE businesses get a piece of this, and other projects that come through the City and IDB. He further stated there were enough businesses in the City to satisfy the requirements and thought it was very important for local businesses to be included. He commended the IDB Board members who served on the DBE Committee for their participation.

Mr. Justin Augustine suggested that HRI consider governmental entities that had DBE certified programs already in place, as HRI began reaching out to businesses in the general population. He stated that many governmental agencies already have a record of experience and evaluations on file and he and others would be more than happy to share this information with HRI.

Motion was then made by Mr. Theodore Sanders and seconded by Mrs. Jones, for a vote on approval of the proposed PILOT and the DBE participation. The vote passed unanimously.

FINANCIAL REPORT

Mrs. Susan Good, Secretary-Treasurer, stated that IDB received \$23.5K in 'Other Income'. She would confirm the source of the payment and if this was claw back monies for a Supplemental PILOT payment from the Lafitte development, then said funds should go to the City. She also stated there is a need to determine where to place a \$401.52 balance on a Supplemental PILOT being held by IDB.

Mrs. Good informed that everything, including expenses were within budget. She explained that the reason for the overage in 'Income' was partially due to 'Other Income' line and income from Six Flags for rentals to Fox Productions and other companies.

Mr. Cleland Powell inquired as to status of \$160K in claw back penalty monies, which had been received from Poydras Properties, LLC (Hyatt Hotel) and deposited into Gulf Coast Bank. He was informed that the funds had been withdrawn and properly dispersed. That \$156K went to the City as a Supplemental PILOT payment and \$3K paid to Mr. Stanley McDaniel for the employment monitoring audit. The remainder was deposited in the IDB's operating account, approximately \$512.00.

Mr. Powell, again referencing a previous discussion from the July Board meeting, further inquired as to whether language had been put in place to allow (claw back penalty) monies to go to job training.

IDB bond counsel, Mr. David Wolf, advised that the new Lease Agreement for the Iberville project states the penalty payment portion of the PILOT would be kept by the Board and dedicated to job training and/or other programs aimed at developing greater DBE participation. He reminded that such language was not previously included in lease agreements.

By motion of Mr. Augustine and seconded by Mr. Saizan, the financial report was approved unanimously by the Board.

ADMINISTRATOR'S REPORT

In the absence of IDB Administrator, Ms. Sharon Martin, there was no report.

UPDATES

Fee Structure Committee

Mrs. Good, the Committee Chair, advised that there was no Committee update.

DBE Committee Update

Mr. Philipson informed that the DBE language had been included in the Board packet. The Committee had met and Mr. Wolf had been able to prepare the language that is being presented today. He commended the Committee for its accomplishments, and noted that the Committee would continue to meet to further refine the IDB's DBE requirements.

Mr. Flower thanked Mr. Wolf for defining what is "local" as it applies to individuals and businesses. Mr. Randolph proceeded to solicit from the Board any thoughts, ideas or help towards the DBE efforts and extended an invitation to attend its Committee meetings.

Mr. Wolf then interjected that in reference to 'Definitions of Local Businesses', he used best practices from other cities. He stated that the 40% local was a "hard number". The 35% DBE was a "best efforts" number. Failure to meet the 35% goal was not an automatic penalty, but a discretionary one -- up to the full amount of taxes that otherwise would have been paid. The penalty would be determined by the IDB and the City, jointly. He informed that HRI representative Mr. Collen had requested that Phase I and Phase II be considered as one Project in accomplishing these goals. It was confirmed that this change would not lead to any decrease in the numbers.

Aimee Quirk, Mayor's Counsel on Economic Development, presented the City's views, as it relates to the newly strengthened DBE ordinance on compliance, discrepancies and consistency within the marketplace. Ms. Quirk went on to state that, outside of merely complying, the IDB had taken further steps i.e., to look at or give priority to local businesses. She pointed out that this additional step was not part of the general City Ordinance because of legal requirements and public bid laws that prohibit any type of 'local' preference by the City. The IDB is not subject to these same restrictions however. She wished to clarify that there was a slight difference between the City's Ordinance and IDB's DBE language but that the IDB was compliant with the City's Ordinance. Further, the City had worked to ensure consistency so as to avoid confusion in the marketplace by developers, construction companies and DBEs, thus allowing for requirements and a process that is more generally understood.

SIX FLAGS

Mr. Philipson presented an update on the current status of the Six Flags property. He informed as to its immediate future, in light of the fact that the outlet mall as proposed for the site now appeared to be in jeopardy. This, as a result, of the announcement by Howard Hughes Corp. to move forward with its expansion plans to develop a similar outlet at the Riverwalk.

He clarified that the IDB was still under contract with Provident/DAG, LLC, and under such, the Developer is required to submit a full development proposal by the end of November of this year. The Agreement specifically calls for development of the site as an outlet mall and does not permit use other than retail. He noted that DAG had previously informed the IDB that the market conditions would not support two outlet centers [Riverwalk and Six Flags sites] at the same time, possibly forcing DAG Development to withdraw its proposal as it would not be feasible. Mr. Philipson was encouraged by the fact that even after hearing the news, a number of persons had proceeded to come forward with a variety of ideas for the site. He added that no serious discussions had taken place for an alternative plan yet with any developer. Based on the commitment to develop the site and the current circumstances, discussions have begun with Provident/DAG to amicably terminate the Concession Agreement early. This would free-up the IDB/City to accept new proposals. Also, work has begun to put in place a new process by which to explore options for development. In the meantime the property is being maintained and actively used as a site for film productions. At this time it would be premature to take any action until there was a definitive announcement from the Hughes group regarding the Riverwalk. At that point, the City, along with the IDB, would prepare to move forward with alternative development plans for the site.

Entergy New Orleans, Inc.

Mr. Charles Rice, on behalf of Entergy New Orleans, Inc., informed that he had approached Mr. Philipson to request the use of the Six Flags site as a staging area should there be a hurricane situation. He noted that the site was ideal for a variety of reasons: 1) easy access to the I-10 Interstate system 2) less concern for trucks interfering with houses in the neighborhoods. He went on to state that Entergy typically provided 24/7 security at any of their staging sites and this security would extend to safety of any equipment already on-site by other occupants. In terms of a timeline at the site, Mr. Rice stated that typical restoration efforts lasted between 5-7 days. He requested an Agreement be drawn up for use of the site and informed that compensation would be granted, as was the case in similar transactions. In closing, he reiterated that he believed this to be in the ‘best interest of the community’ and added that Entergy is willing to sign a hold-harmless Agreement with the IDB and/or anyone else it deemed necessary.

Mr. Rice entertained questions and concerns from several board members. After all discussion was had, there was general consensus from the Board that allowing access by Entergy was in the best interest of our citizens and an agreement should be in place.

Mr. Wolf then interjected that he and co-bond counsel, Mr. Ray Cornelius, would work on details with the current agreements on the property and investigate any pre-existing rights of the other parties.

Mr. Powell proposed a motion to empower Bond Counsel, David Wolf, to negotiate and execute an agreement with Entergy and other Parties involved. The motion was seconded by Mr. Augustine and received a unanimous vote.

CRESCENT JOB MATCH

Mr. Flower informed there were only two items he wished to address. Firstly, he stated that a job fair was scheduled for the latter part of next week. The job fair was being held on behalf of renovation work for the old school building on Oretha Castle Haley Blvd. The purpose of the job fair was to find workers for that project. He commented that it was a great rehabilitation project and could be a real

catalyst for the area. The second matter was a Fundraiser. He informed that the Jobs Skills Match Program was seeking to put together a fundraiser to be held in early October of this year. He stated they were seeking to involve the business community, in particular, the minority business community. He stated that the purpose of the fundraiser was to raise funds to pay for mentors, etc., who would mentor youths to help them to find jobs.

There being no additional new or old business, a motion was made by Mr. Randolph and seconded by Mrs. Jones for adjournment.

The meeting adjourned at 2:46 PM.

Susan P. Good, Secretary/Treasurer