

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD
CITY OF NEW ORLEANS, LA, INC.
MAY 10, 2016 AT 12:30 PM
21ST FLOOR CONFERENCE ROOM
1340 POYDRAS, ORLEANS TOWER**

Present:

Mindy Brickman
Eugene J. Green, Jr
Todd O. McDonald
Eric Strachan

Walter C. Flower, III
Edith G. Jones
Alan H. Philipson
Jeffrey Schwartz

Susan P. Good
Kyle Jones
Darrel J. Saizan, Jr.
C. David Thompson

Absent:

Justin Augustine, III

Troy A. Carter, Sr.

Theodore Sanders, III

Also Present:

Sharon Martin, Administrator, IDB
Joyce Matthews, Administrative Assistant, IDB
David Wolf, Adams & Reese, Bond Counsel

Guests:

Ed Blouin, Village de L'Est Improvement Assn,
Arthur Busby, Community Legion
Jessica Williams, The Advocate
Katy Dupre, NOLABA
Brenda Canada, NOLABA
Rebecca Conwell, Mayor's Office of Economic Development
Tonya Pope, Jazzland
Katherine Sayre, NOLA/T-P
Scott Murphy, Ironworks
Maximum A. Perdomo
Andrew Valenti, City Business
Lisa Ross, Orleans Parish Assessors Office
Eugene Be, BHI
Hayne Rainey, City of New Orleans
Dennis Cambare, SMW 214
Stephen Stuart, Bureau of Governmental Research
Courtney Stuckwisch, Office of the Mayor
Ernest Gethers, Office of the Mayor
Stanley McDaniel

President, Alan H. Philipson, called the meeting to order at 12:40 PM. The President opened with a welcome of Mrs. Mindy Brickman, the IDB's newest board member, appointed by Council member Susan Guidry (vice Laura Brown). A roll call was conducted and a quorum confirmed. An introduction of guests was had. By motion of Mr. Darrel Saizan, Jr. with a second from Mr. Kyle Jones, the Board voted unanimously for approval of the Board minutes of the April 12, 2016 meeting.

SIX FLAGS UPDATE

The President provided the Board an update regarding the responses received for appraisal quotes advising that five (5) companies responded: three (3) in responses to last request letter; one (1) update from the original request (Truax) and one (1) “no response” (Thorns). He deferred the update to Mr. David Wolf, IDB counsel. Mr. Wolf provided the background that pursuant to an initial request to secure the appraisal quote requests went to three appraisal companies, namely, Jimmie Thorns, Mike Truax and Hank Tatje. Only Thorns and Truax responded. As a result of the directive of the Board at the April 12, 2016 Board meeting, he [Mr. Wolf] put together a more detailed letter request which adopted features and data requests as that sought in the RFP for redevelopment of the Six Flags site issued by the City and the IDB, thus creating a more formal letter request. This letter request RFP resulted in the receipt of three (3) additional quotes: Valbridge, The McEnery Company, Stegall and Benton, copies of which were sent to each board member prior to the meeting. With the quotes from Thorns Consulting and Truax and Robles there are now five (5) companies qualified to perform the appraisal, he advised. Mr. Wolf then provided each member with a sheet that list the quotes from each of the five companies. Mr. Walter Flower interjected that a decision needs to be made without delay in order to know the value of the property. Mr. Darrel Saizan offered a motion that the appraisal be granted to Thorns Consulting. Same was seconded by Mr. Eugene Green. With the motion on the floor, discussion by the members ensued. Mrs. Susan Good questioned whether a valuation of the equipment and rides were included in the Thorns’ quote, as was detailed in the latter three (3) quotes received.

Mr. Wolf advised that the letter request specifically requested a valuation for land, equipment and fixtures. Additionally, the request asked each company to provide at least three appraisals on which a similar appraisal had been conducted. The initial request, he stated, was not as specific. He added that a valuation of the equipment and rides should be included in the quotes unless otherwise explained.

Mr. Flower then inquired as to the ethics of hiring someone who headed the IDB for 20 years, namely Mr. Thorns. Mr. Wolf reminded the Board that Mr. Thorns has not been on the Board in 8-9 years and that there is no ethics issue. In support of the Thorns quote, Mr. Green stated that during the time of Mr. Thorns’ tenure on the Board and as president, he delivered well on behalf of the citizens. Mr. Saizan added that Mr. Thorns conducts and has conducted his work with a high level of respect, having used him in connection with projects he [Saizan] has worked on in the past particularly, Harrah’s Casino and the New Orleans Arena. Adding that Mr. Thorns is familiar with the City and the Six Flags project as well.

Mr. David Thompson stated that he agreed all companies that responded are all qualified. His issue with Mr. Thorns is that he [Thorns] served as president of the IDB for twenty or more years; and that while he was president, he did appraisals for HANO which service was called into question. His issue with Thorns is not personal. It’s what it looks like from the outside, he stated, that concerned him. This concern was shared by a few other members of the Board. Mrs. Jones, however, retorted that as she understands the ethics answer given by Mr. Wolf (the IDB’s attorney), should answer any such concerns as Mr. Thorns has distanced himself for eight or more years; that the IDB is now looking at a qualified DBE with a respected history as an appraiser in the City and that the Board has agreed that he is qualified. Mr. Flower interjected that the McEnery firm has done a lot of work in New Orleans East and is highly qualified to do the appraisal. Mr. Green echoed Mrs. Jones understanding that the issue of any conflict with Mr. Thorns’ affiliation with the IDB was resolved by counsel.

Mrs. Good lodged two other concerns regarding the proposal submitted by Mr. Thorns. Firstly, that there is no mention of appraising the equipment and, 2) that in his response he [Thorns] requests the IDB to provide him many additional items including copies of information such as engineering records, FEMA records, any insurance analyses. She suggested that the Board needs clarity so that it is comparing apples to apples. Mr. Green stated that these requests are normal, procedural requests by any appraiser. He then added that the IDB put out a request for a quote but that the Board was not aware of the initial request.

This request resulted in two quotes – Thorns and Truax and their quotes were disclosed at last month’s meeting. The process, he stated, seems unfair in light of the fact that the lowest bid came from Thorns Consulting and it remains the lowest bid. Mrs. Good stated that she would like to have, if a contract is drafted, language that reflects the inclusion of the appraisal of equipment and buildings. Mr. Saizan stated that if he thought Mr. Thorns’ tenure with the Board was a problem, he would not have offered the motion.

The President evaluated the discussions. He summed it up stating that the Board needs to take a look at all quotes to ensure that the evaluations were equal in what was being offered and that the Board should ask Mr. Thorns for clarification. He then called for a vote. Mr. Thompson, prior to the vote, suggested that once Mr. Thorns’ clarification is received, the Board could re-vote if a vote were taken today. Mr. Wolf reiterated that a two-year disassociation of a previous board member was the State’s requirement. He advised that both Mr. Thorns and Mr. Truax had not submitted the additional documentation requested. He stated he would ask Mr. Thorns to provide clarity as to whether or not his quote includes valuation of the equipment and rides. Mr. Flower the questioned whether bids by these two appraisers could be changed. Mr. Philipson then stated that if Mr. Thorns’ quote did not include rides, he could withdraw his bid.

Discussions continued. Mr. Green stated that he did not receive a copy of the quotes submitted by Thorns Consulting or the Truax firm and that the Board is now being asked to vote on three-four appraisals. He added that he understands the additional information for these two companies included conflict of interest affidavits and a disclosure of political contribution statement. He requested to have the benefit of reviewing these two quotes.

In response to Mr. Green’s question, Mr. Wolf the Board that the second request for appraisal quotes did included an affidavit, a conflict of interest statement and a political contribution statement which are standard requests by the City. Mrs. Jones stated that in light of these discussions, the Board should defer voting at this time. Mr. Wolf added that he would ask both companies to submit the additional information with 24 to 48 hours pursuant to the President’s directive.

The President asked for a vote. Based on the motion on the floor to grant the work to Thorns Consulting, a vote was taken resulting in 5-Nays; 3 Yeas; and 3 Abstentions. The vote did not pass.

Mr. Philipson directed Ms. Martin to get copies of the appraisal quotes submitted by Truax and Thorns in to the the Board. He suggested that another meeting be scheduled wherein all five (5) proposals can be reviewed at the same time. Mr. Green then asked why there was a rush to pick an appraiser when this matter has been sitting before the Board for quite a number of years.

Mr. Saizan asked for input from Councilman Gray’s office and from Ernest Gethers as to what additional documentation they might have of record regarding Six Flags. Mr. Maurice Baird of Councilman Gray’s office was recognized. He advised that the Councilman’s office had no additional data to submit, and stated that the Councilman and staff have taken a look at the Assessor’s valuation and the RFP noting the RFP requests a value of the property, as well as a statement of re-purpose and/or re-use of the property, demolition, etc. He asked if the property would be for sale or if the IDB would keep it. Mr. Wolf added that if the City had taken on their responsibility as was understood at the time of discussion for the take-over of the property, the IDB would not be in the position of dealing with this type matter. Mr. Green asked if the City would interject themselves in this current situation. Of importance with regards to the unsigned agreement on behalf of the City, he stated, that in order for the City to have introduced a cooperative agreement, same **had to be approved by the City Council.** Thereafter, according to procedures, the Mayor would have the authority to execute. He asked why the IDB would expect the current Mayor to sign an agreement that the previous Mayor failed to sign. **Absent the consent and approval of the City Council, there should be no legal agreement.** He then questioned how this

property could be in the name of the IDB. Other Board members expressed similar curiosity, suggesting that the City seems to own the property.

Mr. Wolf reiterated that the IDB was attempting to work with the City when it agreed to take ownership as it is easier for the IDB to sell property than it is for the City. The Board was reminded that when the special meeting between the IDB and the City took place in September of 2009, wherein the then city attorney, in an effort to meet the deadline for filing documents in the Six Flags bankruptcy proceeding, asked the Board to assume ownership of the Six Flags site, as well as the additional acreage that was being turned over to the city as a result of the settlement, the total acreage is somewhere in the neighborhood of 227 acres (140 + 16 + 67 + 8). The IDB Committee at the meeting agreed, with the caveat that the City maintain, secure and insure the property. The City Attorney agreed. The agreement was drafted. Mr. Flower as then-president signed the agreement, in good faith. The City, after receiving the agreement signed on behalf of the IDB, assured the IDB it would provide the IDB with fully executed copies of all bankruptcy documents for its records. After numerous follows up by the IDB staff, no copy was ever received and the new administration entered advising they would not sign the agreement. As a result, the IDB assumed ownership. It was then again, questioned whether or not the IDB had legal ownership of the properties absent the completely executed cooperative agreement, approved by the City Council.

Mr. Wolf continued, advising that in an effort to generate funds to secure, maintain and insure the site, the IDB has for the past three years, leased the property to major film companies. He made note, that the IDB was not created or designed to manage, operate or own property. Mr. Green asked why then is the IDB was so eager to give back properties that bear an assessment value of some \$54M after having managed, maintained and secured the property for the past three or so years.

Adding to Mr. Wolf's comment regarding revenue earned, Mr. Philipson reminded the Board that film companies are no longer looking to lease the site because the State has changed the incentives for filming in Louisiana. At this time, there are no pending agreements and there hasn't been one since the last contract which ended in December 2015. In the banks there is approximately \$350K-\$400K in Six Flags revenue. Thus, the reason for the urgency for moving forward with the sale of the property.

Mr. Jeffrey Schwartz interjected that as he appreciates it, 1) the IDB does not wish to own and manage property; 2) it is an albatross for the IDB; 3) everyone wants to either put back into commerce or sell; and 4) everyone wants to know if the IDB rightfully owns the property. As stewards of the public, Mr. Schwartz suggested that the IDB get with other public partners to discuss how the site can be put back into use and not just sell the parcels There is obvious value to the site. Mr. Philipson asked counsel to get these ideas and concerns streamed lined on behalf of the IDB, adding that if the IDB were to receive all supplemental data from the first two appraisers. ensuring that the Board would be comparing apples to apples in terms of the quotes given, then at the June meeting the Board can review the quotes again and vote on an appraiser.

Mr. Green then asked for the average yearly income for Six Flags to-date; how much collected. Mr. Wolf advised of the initial servitude fee received in the amount of \$112,000 with the additional \$300K plus earned from leasing the site. This, he added, does not includes any expenses paid from those amounts. Mr. Thompson added that as he recalled from the Resolution, there was approximately \$400K in the Six Flags accounts. He also added that it was in this Resolution that the IDB seeks to transfer the property back to the City but questioned why the IDB would give the revenue back to the City. Mr. Wolf responded by advising that when the IDB took the property, it was understood that any benefit earned would go back to the City as the IDB would not profit from the ownership. He added that the everyone must be reminded that the IDB was created by the City for the City. If the IDB were to dissolve today, all IDB assets would go to the City. Mr. Philipson interjected that while the Resolution states a \$400K transfer this is not the current amount. Expenses to date would have to be deducted, i.e., grass cutting,

maintenance, insurance, security and legal fees. Mr. Green interjected that he did not wish to give these funds to the City. Mr. Philipson assured the Board that the IDB would not go in the red on the matter of Six Flags.

REPORTS

Financials

Mrs. Susan Good presented an overview of the March financials, advising that since the budget is annualized (meaning total expenses for services that are listed are divided by the number of months in a year and entered as a monthly cost). As a result, some line items may appear to be over-budget. She further advised that the 2015-2016 annual administrative fees have, to-date, been entirely collected. The IDB anticipates no other income unless there is a closing which was not been accounted for when the budget was drafted.

Administrator's Report

Ms. Martin advised no report for this period.

PUBLIC COMMENTARY

Ms. Tonya Pope of Jazzland was recognized. She reiterated that the Jazzland purchase proposal for the former Six Flags site was still under the Jazzland response to the RFP and still on the table. She added that [they] are anxious and wish not to wait until June. She further advised that their proposal would include, on the additional 80 acres, 2-family, multi residential dwellings and retail. This proposed addition/change would require a zoning change. She stated that Jazzland is not allowed to discuss this plan with Councilman Gray's office.

Mr. Steven Kennedy, being recognized, stated he was delighted by the level of discussion and discourse that took place at the meeting. He stated he did not have appreciation for how Mr. Thorns' reputation was treated, especially since he was not in attendance to defend himself. Mr. Philipson attempted to explain to Mr. Kennedy that Mr. Thorns' character was not called into question only his relationship with the IDB. Further discussion took place and Mr. Thompson echoed Mr. Philipson's appreciation of the discourse regarding Mr. Thorns' quote for an appraisal, adding that it was not a personal attack as that being suggested.

There being no further new or old business, a motion was offered by Mr. Green and seconded by Mr. Thompson for adjournment of the meeting at 1:52 P.M.

Susan P. Good, Secretary/Treasurer