



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

**JANUARY 6, 2007  
44<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

Attendees:

Tyrone Wilson, Torey Bullock, Farrell Chatelain, James Smith, Eddy Oliver,  
Kyle Stoeber, Jim Thorns, Nina Marchand, Irvin Joseph

Absent: Bruce Bolyard, Glenda Jones-Harris, Joseph H. Authement, Ernest  
Legier, Jr., John B. Williams.

Guests: Stephanie Decker  
Tres Mr. Bernhard  
David Wolfe

The meeting was opened by the President with roll call. It was agreed that a quorum was present.

Sharon Martin, the new operations coordinator, was introduced to the board.

After the introduction, a discussion was held regarding the role of IDB in re-building New Orleans. The board was also informed that travel expenses incurred in coming to meetings would be reimbursable. A discussion was then held on necessity of having a quorum at each meeting and measures to be taken to ensure that IDB matters could be handled promptly and expeditiously.

**FILM FACTORY/LIFT**

Tres Bernhard, legal counsel to the Film Factory, LLC (LIFT Project) was introduced. Mr. Bernhard was given the floor to explain the LIFT project, the facility, its objective, infrastructure, shooting space, personnel base and community ties. He explained that Part I involved the financing of the bond issues of the actual studio. Part II – a training school as Louisiana has only

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two class "A" film crews. Part III involves the raising of capital from the 1<sup>st</sup> District Development Fund. Mr. Thorns questioned whether LIFT will, as part of its program, lease a mobile unit to locals for up-linking and down-linking. Mr. Bernhard advised not at this time. He was further asked if there would be an educational partnership component, i.e., Delgado City College who was interested in developing, as part of its campus curriculum, a film industry education program. Mr. Bernhard advised that at this time, which is very early in the game, LIFT is not sure who its educational co-partner will be and further, not sure how the partnership will be constructed. LIFT will, however, offer course curriculum suggestions to help with growing the job market in this area. Mr. Mr. Bernhard was specifically asked to find some way to deal with the children of the Lafitte Project

The LIFT time line was also reviewed by the board. .

After general discussion, a motion for preliminary approval of the LIFT project was duly made by Mr. Kyle Stoever, seconded by Mr. Tyrone Wilson and was unanimously passed.

The Board subsequently discussed the need for a Public Hearing at its March meeting scheduled for March 21, 2006. Mr. Bernhard advised that he anticipated a formal announcement of the LIFT Project would be made between March 7 – 9, 2006 via a press conference, prior to the State Bond Commission meeting. Additionally, it was conveyed that the cost/benefit analysis should be completed by Metro Source by the next board meeting and Ms. Martin would make the necessary contact with Metro Source to pace the mechanism on motion.

### **IDB MOVE**

The Board was informed that the IDB office previously located in the Amoco Building had to relocate and the office is now temporarily located at 1661 N. Claiborne Avenue in the office building of Mr. Jim Thorns. Mr. Thorns then requested approval for the purchase of necessary equipment for operation of the temporary office. A motion was duly made by Farrell Chatelain, seconded by Torey Bullock and unanimously passed for the purchase of necessary equipment.

A second motion was duly made and passed unanimously allowing for the temporary move not to exceed \$2,500.00.

Mr. Stoever then informed the board that it was necessary to get the business operations back on track in the aftermath of Hurricane Katrina and that the collection of fees was one item that was in arrears; that he was in contact with the accounting firm of Bruno and Tervalon who was in position to give assistance in getting the invoices out once the current information was confirmed. Currently there are 3 – 4 projects on which fees should be collected.

## **NEW BUSINESS**

### **Creation of Executive Committee**

The next item of business was the recommendation for the recreation of an Executive Committee that would act on behalf of the Board regarding IDB daily activities requiring board approval. It was explained that the Executive Committee would act on an item and the matter would be subsequently ratified at the next board meeting. Discussion was held and Attorney David Wolfe provided answers to questions further advising that the amendment would be organized pursuant to the Articles and By-Laws of the Corporation. All restrictions would be outlined.

A motion was duly made by Mr. Bullock and seconded by Mr. Chatelain to reflect that in accordance with the Articles of Incorporation of the Issuer, as amended (the "Charter"), and the

By-Laws of the Issuer, as amended (the "By-Laws"), particularly Paragraph 7 of the By-Laws, there is hereby formed a committee of the Issuer to be known as the "Executive Committee of the Industrial Development Board of the City of New Orleans, Louisiana, Inc." (the "Committee"), which Committee shall have as its members all Directors of the Issuer. The Committee shall meet from time to time, upon notice given by the Secretary-Treasurer of the Issuer to each and every time and place as shall be set forth in said notice, and all such meetings shall be open to the public. At all meetings of the Committee, the presence of five (5) Directors (including either the President or Vice President of the Issuer) shall be necessary and sufficient to constitute a quorum for the transaction of business by powers of the Issuer, to take any and all action, and to approve or authorize the taking of any and all action by the Issuer not inconsistent with the Charter and By-Laws, except as follows: (i) the election of officers of the Issuer, (ii) the amendment of the Charter or By-Laws, (iii) the final approval of the issuance of any bond of the Issuer, (iv) the appointment of counsel, except employment of bond counsel at the time of preliminary approval of a bond issue, or (v) any other action which, in the opinion of bond counsel to the Issuer, requires action by the full Board. All actions of the Committee are subject to ratification within 120 days by the Board of the Issuer, provided that no action taken as a result of any action of the Committee shall be invalid or void as a result of the failure to obtain ratification within the 120 days. The Committee shall keep regular minutes of their proceedings and report the same to the Board. If at any meeting of the Issuer a quorum is not present, and if sufficient Directors are present to constitute a quorum of the Committee, then those directors may convene a meeting of the Committee without any further notice, and may at that time take any and all actions which the Committee is empowered by this resolution to take.

The vote on the motion reflected 9 YEAs and 1 NAY, Mr. Oliver opposing. The motion for the creation of an Executive Committee passed.

**Other Business**

In new business to be discussed, Mr. Thorns informed the board that he received a call from Nationwide Homes, a company that manufactures modular homes who is interested in locating land in New Orleans to erect/establish (tax exempt) a manufacturing plant. Ms. Decker then advised that legislation (Gulf Opportunity Zones) was recently passed that would allow for tax exempt bonds to be issued to corporations and some residential entities with no bottom, no limit. IDB will and could be a major player in this structure. After informing the board of all the information he had on Nationwide Homes, he advised that he will take a closer look and possibly travel to Atlanta and to one of its sub-division before the next IDB Board meeting.

The next meeting of the Board is scheduled for March 21, 2006 at 12:30 PM on the board room of Adams and Reese.

The president then opened the floor for any other business. Mr. Joseph questioned the time line for the search of a new office location. He was informed that IDB was not being charged office space while at Thorns Consulting.

A new guest entered the meeting and Mr. Philip Jones was introduced who offered his business' services to do cost/benefit analyses, requesting to be placed in rotation with any other company offering the same business.

There was a motion for adjournment that was seconded by Mr. Wilson, and was unanimously passed. The meeting adjourned.

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Secretary Treasurer



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

**February 15, 2007**  
45<sup>TH</sup> FLOOR – ONE SHELL SQUARE

**ATTENDEES:**

**Board:**

Farrell Chatelain  
Jimmie Thorns, Jr.  
Tyrone Wilson

Kyle Stoever  
C. David Thompson  
Torey Bullock

W. Raley Alford, III  
Glenda Jones-Harris

Ray Cornelius, Bond Counsel, Adams & Reese  
Jade Russell, Bond Counsel, Adams & Reese  
Sharon Martin, IDB Admin. Consultant

**Absent:**

Nina Marchand                      Ernest Legier

**Guests:**

Al Tervalon – Bruno & Tervalon, CPA's  
Ernest Gethers – City of New Orleans, Dept. of Economic Development  
Trevor Williams – Metro Source  
Terri Franklin – Regions Bank  
Stephen Stuart – Bureau of Governmental Research  
Stephen Hattier – Morgan Keegan/Classic Construction of Clio Village, LLC  
Amy Bowen – Tax Credit Capital  
Gary Elkins – Counsel/Film Factory  
Paul Simoneaux – Counsel/Film Factory  
Kim Anderson – Chief Operating Officer LIFT/Film Factory  
A. K. Gordon, III – Peltier Gardens

The meeting opened at 12:25 P. M. by the President, Jimmie Thorns, Jr., Roll Call was conducted. A quorum was present. An introduction of all attendees was conducted. Copies of the minutes from the December 13, 2006, board meeting were distributed to all board members.

### Film Factory

The first matter on the floor was the Film Factory as introduced by Mr. Thorns. He offered the floor to Mr. Stoever as chair of the Ad Valorem Tax Committee. He informed the Board of the status of the Ad Valorem/Cost Benefit Analysis Review Committee. He advised that the Committee met on June 6, 2006 to review and discuss the findings of the cost/benefit analysis. Unfortunately, Dr. Oakland was ill at the time and unable to attend the meeting. It was a favorable meeting, however. He explained, however, that in light of the fact that there has been in excess of eight (8) months since the review, there was concern about any activity that has since occurred that may have an affect on the cost/benefit analysis. Mr. Thorns then advised that he received a letter from Mr. Tres Bernhard with proposal on taxes. (A copy of the letter was provided to each member). Mr. Stoever asked that time be granted to the Committee to review any changes, modifications and revisions that may have occurred during these past eight months before final approval is considered. Mr. Thorns advised that before any discussion could be held on the Film Factory proposal, the cost/benefit analysis as prepared by Metro Source must be reviewed. The purpose of the meeting today was two-fold: 1) to receive final approval on the bonding; and, 2) to obtain final approval on the PILOT. Mr. Thorns then asked for a project overview for the sake of new board members. Amy Bowen with Tax Credit Capital which company is helping with bond financing in re Film Factory advised that they are putting financing together now. She provided an overview of the project, advising the film industry is the fastest growing area of business and that there are tax credits to people doing film production in Louisiana. She advised of the components of the project which include: a studio, stage, production facilities, a vocational school to train local residents in the film industry and a distribution center to distribute film. She informed the Board that she was available at the Committee review meeting.

Ms. Bowen then introduced Kim Anderson, Chief Operating Officer of LIFT/Film Factory who advised that Malcolm Petal who serves as CEO could not come to this meeting today but is rather in Baton Rouge at Bond Commission meeting which also met today. Test piles have been driven. The time frame for construction is end of March/early April. They are using State Film Tax Credit program which provides a credit on a certain percentage of completion by Jan. 1, 2008-pushing to make this deadline. Daniel Taylor, she advised, is the architect and has built studios of this type around the country is aware of all activity. She further advised that the property was purchased from the City and the Railroad and is located near the Lafitte Project. They have already worked on the re-subdivision. Construction time line is 21 months and completion expected by November 2008. It is important to note that LIFT (both Harahan and the new office) will be moving into the facility, which is regularly producing film. They have already received a commitment from Element Films over a three-year period and made approximately \$15.20M in production. There are people here today from all

aspects of the project who can answer any questions, including the education components.

Mr. Alford asked: What's going before Bond Commission at this time? Ms. Bowen responded that the Film Factory is going before the State for final approval and the State has issued bonding pending the IDB final approval which is an irregular move on the part of State. Mr. Alford asked Bond Counsel if there was a problem in granting approval in two sections or postponing the approval of the PILOT until review of the Cost/Benefit Analysis or the term of lease agreement and PILOT obligations? Mr. Cornelius advised, "No", and further stated that the Board could approve the bonding and the authorization for the documents, coming back later to ratify all conditions. The terms of the Lease Agreement will outline the PILOT obligations. Mr. Alford stated that "ratify" would mean something has already been approved; that section of the agreement (the PILOT issue) will be modified between now and closing. The form could be very general at this point. The Lease Agreement, Mr. Cornelius stated, would not be signed until the PILOT is done. What typically happens, Mr. Cornelius advised, is that the Board approves the authorization to prepare the document, with changes that may occur. It is within the realm of what is being proposed. He will not oppose the transaction without the PILOT approval of the Board. He assumes that the Board will approve the bonding and get back together to approve the PILOT at which time the documents may be ratified. The Board can approve the bonding today to be consistent and work out the other conditions for the Lease Agreement by the next board meeting date. The Lease Agreement will not be signed until the PILOT is done. Today, the Board will, in essence, approve the forms and documents being drafted, especially with this project. If any concerns, the Board will ratify language or have the opportunity to change the language to what the Board wants and approve. Mr. Thompson expressed what he understood and that is the IDB would approve the bonding for the purpose of the Film Factory getting approval from the State Bond Commission; if not approved by IDB, the Film Factory's approval by the State Bond Commission would be nullified and they would have to go back at a later date. Mr. Cornelius advised that it would cause a lot of problems if the Film Factory had to go back to the State Bond Commission.

Mr. Alford asked: "What are the terms of the Lease Agreement?" Mr. Cornelius advised that it will match up with the PILOT; the PILOT does not exceed 20 years, and further advised that each PILOT comes with something different maybe in years but it provides that they will have to make tax payments in full. He noted that the first part of the payment goes to the PILOT; the second part of payment goes to pay administrative fees and then the Bonds may get paid. It puts you in the position of getting taxes; can terminate the lease for non-payment and the lender would be second to get paid, like a loan, the lender would step up and make the payment for any loss.

Ms. Jones-Harris stated that she is very concerned about the educational part of the proposal and wanted a brief overview from the Film Factory on how it will be handling it.

Ms. Anderson stated the Film Factory has met with different institutions in the area, i.e., Tulane, Delgado, La. Tech Institute. Tulane has been working on the syllabus with Delgado in order to include the program in their curriculum. There will be "hands on" mentoring programs so that students can work directly with different components of the business, i.e., scenic, design, etc., working those folk who are already in the industry providing credit to the student at the university level. The agreement has not been signed yet with Tulane or Delgado. Mrs. Jones-Harris asked if Film Factory was involved in any collaboration with NOCCA yet. Ms. Anderson responded that the Film Factory has not been in touch with NOCCA but that the suggestion sounds like a great project.

Mr. Thorns then asked for a motion for approval of the bond issue subject to the negotiation of the PILOT and PILOT Agreement. Mr. Cornelius interjected that this time no commitments have been made; no ad valorem tax breaks are being made.

The motion was offered by Raley Alford and seconded by Tyrone Wilson. Mr. Cornelius stated that nothing has been promised. The Cost/Benefit Analysis needs to be updated; there are no ad valorem breaks, no transfers. Mr. Stoever made understood that the PILOT is yet to be negotiated.

Mr. Thorns asked that the Film Factory consider providing a modified time line to the IDB to conclude the matter as oppose to leaving it open ended. It was agreed that a 30-day time line was granted in accomplishing the review of the Cost Benefit Analysis and any attendant factors thereto related. A Motion for same was offered by Raley Alford and seconded by Glenda Harris.

A motion was then offered to move on other business while the new appointee, C. David Thompson, was sworn in by Bond Counsel, Ray Cornelius.

Roll call was held on the motion to approve bonding for the Film Factory the matter of which is to be completed within thirty days or by the March 13, 2007 board meeting at which meeting the Board will vote on the PILOT. The vote passed unanimously.

It was noted that Ms. Martin would set up the meeting for review of the Cost Benefit Analysis to be approved by the Board at the March meeting scheduled for March 13 at which time issue must be resolved. Mr. Stoever questioned who the contact person is for LIFT. He was advised that the contact person for the review of the Cost Benefit Analysis at the Film Factory is Tres Bernhard who now serves as a Vice President in LIFT and he is in-house counsel along with Amy Bowen. It was noted that Amy Bowen and Tres

Bernhard both work with Metro to produce the cost benefit analysis. Mr. Cornelius stated that he would make sure the Resolution reflected that the PILOT was not at this time approved by the Board and same is subject to approval at next board meeting. Amend resolution to reflect 45-days rather than 30 days. Mr. Cornelius interjected that the third Thursday is State Bond Commission meets. Next Board meeting will be held March 13, 2007.

The next order of business was new applications:

#### Peltier Gardens

The floor was opened to the representative for Peltier Gardens. A. K. Gordon, III, presented the project overview advising, that this is an existing 400 affordable housing units which were damaged by Hurricane Katrina. It is located on high ground in New Orleans East near Chef Highway, having sustained about ½ foot of water damage. Will It is former site of Versailles Arms Apartments. They are seeking \$16.5M in bonding. The project will be financed with \$12M and 4% tax credit. The property has been purchased by a third-party-mortgagor with \$5M in insurance proceeds already on hand, in the bank. \$5M has been spent in acquiring the property with roofing, boarding and gutting. The units will be 100% Section 8. The current management is still involved with the property and has contact with the pre-Katrina residents who are interested in coming home. They are seeking preliminary approval so they can move forward with applying to the State Bond Commission.

Mr. Thorns explained the process of preliminary approval and the opportunity for the board to engage in asking questions and motion for approval of the Board. Mr. Thorns opened the floor for questions.

Mr. Alford asked if they would be seeking a PILOT as it was not shown in the application. Mr. Gordon advised that it was not put in the application in the outset but that a letter was sent to Mr. Ray Cornelius advising that Peltier Gardens would be seeking tax exemption. Mr. Cornelius could not verify at that time the letter had been received. Mr. Cornelius advised during that meeting that if any applicant wishes the Board to consider its application, it should be specific in its request. Mr. Gordon then advised that they would be seeking a 10 – 15 year PILOT with a 4% credit. They may want to use extended use agreement. Mr. Hattier interjected that the project will be low income housing taxes. Mr. Cornelius then stated that if preliminary approval is granted, it must known that there are certain conditions and requirements that must

be met. The conditions include a time line that must be provided; the production of a Cost/Benefit Analysis which is a three-party agreement the result of which is paid for by Peltier Gardens. He emphasized that there are no assurances with the preliminary approval.

Mr. Alford then asked with federal programs, do they, will they allow IDB to be owner of the property; for tax purposes? Mr. Cornelius stated that with program he's familiar with, the IDB can be the owner. If IDB is not the owner, it can't give a PILOT. It can through a sale back or lease back. However, if there is no ad valorem benefit, IDB can't take title, then can't transfer title. Mr. Cornelius stated very good question.

Mrs. Jones-Harris asked for a clearer visual on the location of the project and how are they [Peltier Gardens] in contact with Pre-Katrina residents. Mr. Gordon provided additional information on location and stated that the insurance proceeds were not enough to refurbish property. He then stated that he could not guarantee that 90% of pre-Katrina residents would return but he feels sure that at least 80% of the lessees would return.

Mr. Wilson asked if Peltier Gardens had been in touch with the City Council. Mr. Gordon advised, yes, and that they have initial approval for tax credits. They plan on getting involved with insurance lawsuit, as well. Mr. Stoever asked what previous taxes were on this property. Mr. Gordon advised that he believed the taxes were \$110K per side for a total of \$220K per year but asked not to be held to this quote. It was a 236 HUD property that got Section 8. Mr. Thorns asked what are current taxes? A further description of the location was provided as requested. Mr. Gordon advised that pre-Katrina taxes were approximately \$220K per year and now \$20,000 per. Mr. Thorns advised that he was not clear on what Peltier Gardens wanted from the IDB but that he must be specific on what is being sought. Mr. Thorns further stated that there is no problem with granting preliminary approval but if you want something you must be specific in terms of property taxes and we must be sure about the legality of the project if board is ready.

A motion by Kyle Stoever to grant preliminary approval to Peltier Gardens was seconded by Glenda Jones-Harris. Roll call was taken and the vote passed unanimously.

Mr. Cornelius interjected that for the benefit of the new members, with regard to preliminary agreements/approvals the resolution, is designed to keep the Board safe from liability to satisfy requirements of law. This project is seeking \$19.5M in bonds. To grant preliminary approval is no cost to the board. The incentive is tax relief for federal law tax exemptions, going to the State for allocation of taxes and bonds, governor's Economic development office, and bonds like the Film Factory is doing. The preliminary approval allows the applicant to go back sixty-days to re-coup any expenses it has occurred.

Classic Construction of Clio Village, LLC

The floor was opened to the representative of Classic Construction of Clio Village, LLC by the president. Mr. Stephen Hattier addressed the Board and began presentation of the application. He stated that he will represent the applicant in this presentation and further advised that he works with Morgan-Keegan, the bond underwriter on this project. The project involved a 38 unit of affordable, scattered sites of multi-family units; and, that if not mistaken they are traditional New Orleans doubles (18 individual structures, two united a piece). They have applied and received approval from the LHFA for \$2.8M in home funds. He stated that there is a \$2.9M ceiling in 4% on incentive housing tax credits. This may sound like a lot for this type construction but the remaining \$4.5M for construction will be for construction period bonding; eventually the amount will be paid on the financing to \$1.5M. This is further enhanced through Fannie Mae which gives Regions Bank administrative instruction. He provided a description of the area which he stated was near the area of Clio and Earhart near the Universal Furniture Warehouse and the Blue Plate Factory on Clio. The properties are not contiguous. The neighborhood is badly in need of housing.

Mr. Thorns asked if the applicant is seeking bonding and a PILOT and if Mr. Hattier had any details to share.

Mr. Hattier responded the applicant would be seeking preliminary approval for any costs incurred, a 10-15 year PILOT perhaps and some property tax abatement.

Mr. Cornelius then interjected that he is probably at blame for applicant's not being specific on terms of PILOT. He now sees that the Board wishes to have a specific request and a PILOT amount, and will advise that the applicant must go through the process. He has not been asking for specifics. He has been advising that once application submitted, the only thing that they can get is a preliminary approval which will allow them to go back 60 days on expenses. He will make sure in the future that he advises on the PILOT. Mr. Thorns stated that he was not sure if a specific amount is required but that we have to determine if bond and PILOT is requested for the sake of the Cost Benefit Analysis. It would be nice to have a spreadsheet with all the numbers on it but not sure if specifics were required. He then yielded the matter to the board. Mr. Alford stated that he disagreed. He stated that it is first asked for in the application, in Item 13, etc. In this application, the applicant indicates that is not and, therefore, it is a reasonable conclusion for the Board to assume that none will be requested. He agreed that it didn't require listing every specific dollar but the applicant should request it specifically pursuant to Item 13 of the application. Even if they ask for a 30-year PILOT, it is incumbent on the applicant to request same. He stated that the policy committee is reviewing the application process and will come up with it findings soon. He believes it is not IDB's job to say, let's give you this. We need to follow the form of the application.

Mr. Thorns stated that he agreed with Mr. Alford but thought an amount would be required although not specific.

The president requested a motion for preliminary approval of the application from the Board. A motion for preliminary approval was offered by Mr. Stoever and seconded by Mr. Chatelain. Roll call was held and the vote for preliminary approval passed unanimously. It was also noted that a request for Classic Construction's intent was made.

The next items on the agenda were Preserve New Orleans, 750 Jeff Davis LLC and Crescent Club New Orleans, LLC. As no representative was present for the Domain Properties, these matters were tabled until a representative was present and to write them advising same was on the agenda today and seek their intentions in these regards.

#### Audit

Mr. Al Tervalon of the CPA firm Bruno and Tervalon was introduced to present the IDB audit by the Secretary-Treasurer, Mr. Kyle Stoever. Mr. Tervalon presented a copy of the 2005, advising that he was pleased to present a clean report. He noted page 31 of the Assets shows that amounts of receivables were added in on for four (4) projects. Further under Unrestricted Assets, Revenues includes pre-payment s paid and negotiated in 2004 but received in 2005. He asked that it be kept in mind that the previous audit covered four (4) years. He advised that an Exit Conference was held with Mr. Stoever and Ms. Martin in attendance. Only comment was debit card usage. He understands that the card is a convenience based vehicle. He pointed out that management of purchases on this card is imperative in terms of recordkeeping practices and suggested monthly review of all such transactions. Mr. Tervalon stated that operation is consistent. No problems. The biggest problem was retrieving documents but otherwise the audit went smoothly. Mr. Thorns thanked him for his services and the audit.

A motion was then offered by Mr. Tyrone Wilson for acceptance of the audit as presented and same was seconded by Mr. Farrell Chatelain. Roll call was held and there were no oppositions. The vote passed unanimously.

It is noted that no payment has been made to the auditor for its work on the audit as of this date. Mr. Tervalon advised that he would be sending same soon.

### Office Space

Mr. Thorns then advised that as a result of Hurricane Katrina, the IDB office had to be moved and has been temporarily located at his office at 1661 No. Claiborne Avenue. He requested a search for office space by Ms. Martin and Mr. Stoever. He turned the matter over to Mr. Stoever. He presented the offer by the City for office space back in the Amoco Building by Ms. Donna Addkison and stated that Mr. Thorns was gracious enough to offer, cost free, space at his office which the IDB appreciated. But he advised that the IDB is in need of an audit complaint office. The offer by the City this time for space requires payment this time unlike the previous use of space in that building which was cost free. The space for an office to house the office and storage of data is \$2,678.20 for the year. He recommended that we accept same and make a yearly payment. He suggested that we should also seek a two-year rental agreement and strongly urged the Board to accept the proposal of the City. Mr. Thorns stated that he would like to wrap the matter up as soon as possible for a move to be completed by April 1. The total move has been estimated at a budge of \$18,000 including space, move, office furniture and equipment, and requested a motion for the move and budget.

A motion by Ms. Glenda Jones-Harris was made to approve the budget and move by April 1, 2007, and same was seconded by Mr. Torey Bullock. The vote passed unanimously.

Discussion was subsequently held wherein Mr. Wilson asked if there was space to permanently store IDB document and at what cost. Mr. Stoever advised that Ms. Addkison stated the City was in the process of storing is records on disk to down size material storage. He further stated that she offered to do the same for IDB at no cost.

### HANO

The HANO report was passed to all Board members. As no representative from HANO was available, Mr. Thorns suggested that review of this report be tabled until the next Board meeting when HANO is expected to present applications to the Board. Same was tabled.

### Annual Fees

Ms. Martin presented to the Board that Hancock is still waiting on payment from HRI for St. Thomas Rental and from The Savoy. She further advised that letters were to be written by Mr. Cornelius and sent to each source. Since the last meeting, she advised that she has been in touch with Ms. Gionne Jourdan, the local representative for the Savoy

who informed her that unfortunately, she (Ms. Jourdan) did not receive an invoice. A copy of the invoice was sent electronically to expedite Ms. Jourdan's inquiry of Michael Development of its status. Mr. Cornelius then interjected that he would like authorization to send letters to HRI to ask why they believe they should not pay the fee. Mr. Stoever stated unequivocally that he does not understand why there is an issue here. These were two separate agreements (HRI/St. Thomas Rental and Wal-Mart). Mr. Cornelius stated that he understood that there is a complicated, long relationship here. Mr. Stoever stated that both entities are delinquent. It was voted that Mr. Cornelius send letters to both requesting payment. Mr. Thorns advised that he met with Don Babers of HANO who advised that they will not rebuild. Savoy is up in the air at this point. The question was then asked if they would be calling for redemption to build anew. Mr. Thorns stated that he understands that HANO wants out of the housing business. It was then offered that Mr. Cornelius send letters to on behalf of the Board with copies to HANO and Board.

#### Annual Report

Mr. Thorns then presented to the Board the need for activity in capturing the IDB's history through research, photography, etc. As information, the IDB was very instrumental in the development of the Warehouse District, and there is no chronicling of this history. He made a proposal for approval wherein IDB could move forward with photographing of all projects funded through IDB. Budget as presented by Ms. Martin total \$13,200 which included production, design, and printing. It is necessary for the IDB to get the facts out about its involvement in the economic development of the City.

A Motion to approve the budget and move forward with the annual report was made by Mr. Tyrone Wilson and seconded by Mr. Raley Alford.

Discussion was held on the motion and there were no oppositions.

#### Policy & Procedure Update

Mr. Thorns turned the floor over to the Committee chair, Mr. Raley Alford who advised that the first meeting of this committee was held wherein an agenda was circulated itemizing a list of areas to be worked on by the Committee. The first was the approval process. He stated that is not fair to send letter a week before with time line just prior to preliminary approval. There should be a reporting requirement which must keep Board abreast. There is also a need for a "claw back" provision to be included in all agreements between the parties. It should be understood that they are responsible for providing updates and adhering to any commitments made by the applicant. The Committee will

work with Mr. Cornelius this issue and to include a statement relative to the IDB's ability to audit and monitor the progress of the project as it relates to the commitments made by the applicant. Mr. Thorns interjected that signage should also be a topic and in connection therewith the Committee should design a template, decide who produces. Mr. Wilson added that he thought this process had already been discussed and that IDB would handle getting the signs put up, paying for same. Mr. Thorns stated that he did not believe should be responsible for any such payments. He further stated that as part of the "claw back" it should be noted that that signage and payment thereof would be the responsibility of the applicant. Mr. Cornelius added his recommendation which was that the price of signage be added in the "claw back" and, increase the application fee to include the signage. Mr. Stoever added that this could be done. Mr. Alford stated the Committee would wrap into application fee. Mr. Thorns stated that he will pass on the suggestion

#### Bureau of Governmental Research

The Board was passed copies of Ms. Janet Howard's letter request of the Board through the President, as well as a copy of the President's response to same. Mr. Chatelain stated that he found Ms. Howard's letter to be accusatory. Mr. Thorns stated that it was an inquiry and that he has had contact with Ms. Howard on same during and after the written response. A question was raised as to "who was Peter Reichard". Mr. Stephen Stuart, a BGR representative, stated that he is a co-worker and analyst researcher with the BGR. Mr. Thorns stated that we have responded and the only problem was BGR providing erroneous information in its report. We have looked at everything and have gone through Bond Counsel on same. Mr. Chatelain stated that BGR has a tendency to give erroneous information and he is irritated by that. Further, BGR should understand that no member of the Board gets paid for the time that it gives the IDB and that he is tired of BGR looking at the IDB in an accusatory manner. He has had enough of Ms. Howard. He stated the IDB should ignore any other requests. Mr. Thorns advised that the IDB cannot ignore but will defend the actions of the IDB. Mr. Cornelius stated that transparency is important. Mr. Chatelain stated that he agreed and that both points were well made. Let's just get the truth. Mr. Cornelius stated that the Board does what it can in every instance for the City and with the City in mind. That the IDB is willing to accept and consider any suggestions; that the IDB is still working on making itself a better organization; and that the Board reacts positively to constructive criticisms. Mr. Stuart said that he would convey the feelings of IDB to Ms. Howard and asked that if there are any misstatements by the BGR that the IDB please let the BGR know. Mr. Chatelain stated that most times it is after the fact that the IDB must defend itself to BGR. Mr. Cornelius inquired as to whether or not the entire report has been prepared and not the excerpts which were sent to the IDB for response. He further stated that if BGR is

worried about misrepresentations, they should allow the Board to see the entire report to respond to.

A motion to adjourn the meeting was offered by Mr. Alford and seconded by Mr. Wilson. The meeting adjourned at 1:55PM

Mr. Cornelius introduced a new member of his staff, Ms. Jade Russell who is learning bond process.

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Kyle Stoever, Secretary-Treasurer



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

**February 22, 2007  
45<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

**ATTENDEES:**

Nina Hebert Marchand  
Tyrone Wilson  
Jimmie Thorns

W. Raley Alford, III  
C. David Thompson

Farrell Chatelain  
Kyle E. Stoeber

Jade Russell, Bond Counsel, Adams & Reese  
Sharon Martin, IDB Admin. Consultant

Absent:

Glenda Jones-Harris

Torey Bullock

Ernest Legier, Jr.

Guest:

Matthew G. Schwartz, Domain Properties

The special meeting of the Board was called to order at 12:30 PM by the President, Mr. Jimmie Thorns, Jr.. Roll call was had and a quorum was present.

The President advised that at the February 15, 2007 Board meeting three projects were not voted upon because there was not representative present and he apologized for any miscommunication that may have occurred. He then introduced Mr. Matthew G. Schwartz, representative for the three (3) projects which were submitted by the Domain Properties. Mr. Schwartz took the floor and advised the Domain Properties specializes in community projects; they are located in New York and New Orleans and the current projects to be presented covered the Tulane Corridor. He further advised that these properties were acquired through the City and were adjudicated properties. He stated:

- 1 Preserve New Orleans, LLC is located at 4301 Tulane Avenue on the former Baumer Preserve factory and proposes the development of 183 units of mixed income housing;
- 2 750 Jeff Davis LLC is located at 750 Jeff Davis Parkway across from the former Albertson's Supermarket on Tulane Avenue which is now demolished and proposes the development of 72 units of mixed income housing;

- 3 Crescent Club is located at 3000-3100 Tulane Avenue and proposal the construction of 226 units of mixed income housing

He further informed the board that all three projects were funded by LFHA and through block grant funds. The larger projects have completed the zoning process. 750 Jeff Davis is still ongoing. These properties were identified in unify New Orleans. Construction is expected to begin in late April-early May and they will apply for GO Zone bonds. It is projected that the construction process will take 18 months. The IDB factors i abating the taxes to maintain affordability through the operating funds.

Current taxes on the properties are:

Crescent Club - \$30K per year  
Preserve - \$20K per year  
750 Jeff Davis – Not sure

Mr. Thorns advised that taxes are never abated, existing taxes still go on and remain in place. The taxes created as a result of the development is where an abatement starts. He further explained the extent of preliminary approval by the Board and stated further that bonding is a financing process that depends on the Domain Properties' good faith and credit, the IDB serves as a conduit. Mr. Thorns further provided the information on the application to the State Bonding Commission. He emphasized the need for the cost benefit analysis and the agreement into which the parties will enter, stating that the IDB identifies the consultant and the resultant analysis is paid for by the Domain Properties. He also advised the need to provide a time line on the events that will take place which is needed so the IDB can make the necessary meeting dates coincide with the time lines from each project under consideration. He informed Mr. Schwartz that shortly after the meeting Domain Properties will be provided with a letter from the IDB reiterating all the aforesaid requirements and conditions.

Mr. Schwartz was asked if the Domain Properties met with the City and its officials. Mr. Schwartz advised it had.

The floor was opened for motion for preliminary approval of the projects. Mr. Farrell Chatelain offer a motion for same and it was seconded by Mr. C. David Thompson.

Discussions were then held. Mr. Alford asked if all units were apartments. Mr. Schwartz responded by stating each project is one of mixed apartment units with 40% affordable and 60% market rate. Rents for a 1 bedroom are in the \$300 - \$500 range and the 2 bedroom units rate from \$350 - \$600 per month. The market rate for a 1 bedroom is \$700 and \$1100 for a two bedroom. Rent per square foot is \$1. Rent restriction.....?

Jeff Davis has 72 units and all are 100% affordable – the higher tier \$500 for 1 bedroom and \$600 for 2 bedroom. LFHA is providing project based – 20% can be rent to low income with assistance from LFHA.

Mr. Alford asked if 750 Jeff Davis was the only project involving LFHA. Mr. Schwartz advised that LFHA housing tax .....(?) with allocations as follows: \$1.9 Crescent Club; \$1.2 Jeff Davis; \$1.5 Preserve. There are also Block Grant Funds with support for LRA and LHFA joint approval. The two larger projects have Block Grant support - \$16M Preserve and \$19.5M for the Crescent Club projects. These will be structured as loans at 0% interest.

Mr. Alford asked if the PILOT request was to help defray costs and what indications does he have to support the higher operating costs. Mr. Schwartz replied, "Insurance". Insurance is a percentage of the costs to operate. It is 25% of operating costs. Coverage is hard to come by. The LRA and LHFA are hoping the market will stabilize. Insurance quote is \$900 per unit up to \$2500 per unit. Mr. Alford then asked what percentage is pre-Katrina costs. Mr. Schwartz replied \$500 per unit, less 5% or close to. Scaling and liability a little higher but majority is for wind coverage. The other two major portions of the operating budget is property damage and staffing; HRI will manage the three facilities. When selling credits are sold at greater price than GO Zone bonds appreciation; otherwise the market price is \$0.92 and will generate a lot of cash. All credits will be over 10 years. Crescent Club at 29..... In equity. Get all tax deductions. Has much in .....All goes towards construction and pledges to the lender.

Raley Alford then reiterated that all tax exemptions must be for 20 years. Tax credits.....?

There is a 15-year tax horizon and whatever other time but all must be sustained for entire term. The amortization for permanent mortgage is 30 years....There will be no changes until projects are open. Mr. Wilson asked what if PILOT is for less than 20 years? Mr. Schwartz advised that the equity ..... wouldn't recognize. Mr. Alford asked Mr. Schwartz if his lenders were aware that the IDB would be the mortgage holder. Mr. Thorns asked if he anticipated a flat tax or a graduated tax. Mr. Schwartz advised that they would re-run the pro forma again, factor in 10 years and graduate. Mr. Thorns advised that the IDB must see the benefits. Mr. Schwartz then advised that they are tearing down 3000-3100 Tulane Avenue. Mr. Thorns reiterated that the IDB will be looking for overall benefits.

Mr. Schwartz advised that 1) many rental units in the area have been destroyed 2) there is a need for multi-family to serve the City's work force including the service industry, government and others and 4) that within the city's bio technology.....

The larger project sees about 100 jobs during construction with \_\_\_\_\_ permanent jobs. Mr. Chatelain asked where is the loan coming from and stated that a hand full of jobs may not be enough benefit to the City. This is a trade for benefits to the City and that needs to be understood. Mr. Schwartz stated that each project will advance the recover of New Orleans. Mr. Alford then asked if Domain Properties spoke with the Mayor and other officials including the Council. It is very important that the IDB is aware of all information provided to the Council and the Mayor and vice versa.

Mr. Thompson then asked about the operating expenses. 1) What is occupancy assumption – 93% year one. Seems fair. 2) Real Estate taxes – what is total abatement sought? And 3) what is percentage of insurance in operating budget?

Mr. Chatelain queried the extent of local participation and further stated that if locals are giving up the taxes for the project, they must participate. Mr. Wilson asked if representatives of the Domain Properties would be willing to meet with local businessmen (contractors, etc) to show how they can be a part of the process. Mr. Schwarts responded that Domain Properties has done this in the past and will ask to have all benefits incorporated in the cost benefit analysis, i.e., construction materials increases sales tax base, compounded by what's happened locally. He will get with Mr. Gibbs to discuss. Mr. Thorns stated that the IDB wants to be clear about its expectations. Mr. Chatelain stated that the project should be a win-win situation.

Mr. Thorns requested a motion to give preliminary approval on all three projects simultaneously. Mr. Farrell Chatelain made the motion and it was seconded by Mr. C. David Thompson. Roll call was held and the vote passed unanimously to grant approval on all three projects simultaneously. Mr. Thorns noted that responses to questions and requirements are needed immediately.

Added to the agenda for the meeting, Mr. Thorns requested a vote for an Assistant Secretary Treasurer since Mr. Stoever has been replaced and will serve no longer as such. Mr. Alford requested that the matter be deferred until next meeting in March.

The meeting adjourned at 1:20 PM.



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

**MARCH 13, 2007  
45<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

**ATTENDEES:**

**Present:**

Jim Thorns  
W. Raley Alford, III  
Tyrone Wilson  
S. Ault Hootsell III

Farrell Chatelain  
Glenda Jones-Harris  
Nina Hebert-Marchand

C. Dave Thompson  
Torey Bullock  
Glenda Jones Harris

Sharon Martin – Administrative Consultant, IDB  
Jade Russell – Bond Counsel – IDB

**Absent:**

Ernest Legier

**Guests:**

Malcolm Petal – CEO, LIFT/Film Factory  
Amy Enchelmeyer – Arnie Fielkow’s Office, V. P. Councilman at Large  
Gerard Keenan – Student, Moving Forward  
Patricia Robinson – City Planning  
Ernest Gethers – City Planning  
Gionne Jourdan – Savoy/Michael Development  
Stephen Stuart – Bureau of Governmental Research  
Creig Brown – Metro Source  
Alex Davidson – Moving Forward-Gulf Coast  
Andrea Mueller – Moving Forward-Gulf Coast  
Jared Keenan – Moving Forward/Boston University Law  
Judith Moran – Housing Authority of New Orleans  
Jeffrey Riddel – Housing Authority of New Orleans  
Elias Castellanos – Housing Authority of New Orleans  
Kelly Longwell – Coats Rose  
Steven Hattier – Morgan Keegan  
Holly Barham – Foley Judell

Temica R. Dukes – Foley & Judell  
Paul Simoneaux – Elkins, PLC  
Linda Jeffries – Houston K.E.S.  
Terri Baptiste Franklin – Regions Bank  
Rodhika Bhattacharya – Moving Forward-Gulf Coast/Boston Univ. Law  
Ashley Hutchner – Moving Forward-Gulf Coast/Boston Univ. Law

The meeting was called to order by the President, Jim Thorns, at 12:43 PM. A call for introductions was made by the President. The President introduced the new board appointee, Mr. S. Ault Hootsell III. All students were welcomed from Moving Forward who are at the meeting by way of invitation of Ms. Glenda Jones-Harris, who are here doing house gutting to advocacy and pro bono work.

#### Film Factory

The first issue of business was the presenting of the Cost Benefit Analysis prepared in connection with this project. The final approval of this project was contingent upon the review and approval of the Cost Benefit Analysis. Raley Alford made the presentation who advised that the Cost Benefit Analysis Review Committee was previously headed by Kyle Stoeber and that three members of the Committee, including himself, met with the economist and the representatives of LIFT/Film Factory. At the meeting, much was discussed including the Film Factory proposal and structures, including their new proposal to pay \$45K per year in taxes for the first 10 years with a 10% escalation each five years until paid, subordinate, however, to their debt service. This will allow them to provide their lenders comfort. They will also tie in employment on a 1,000 annualized basis so the citizens of New Orleans will have comfort and to know why these incentives have been awarded. Mr. Alford informed the board that he also made understood their, the Film Factory's, obligation for regular reporting to the Board and the Citizens of New Orleans. Mr. Chatelain questioned the proposal asking, "How do we know that you won't inflate other issues to show you can't satisfy the payment to the IDB. How do we know that?" Mr. Petal advised that there were auditing reports that could tell if anything has been inflated. Mr. Cornelius interjected that the request of LIFT is that they are able to discharge their loan obligations first since it is complicated financing. Unlike the other transactions the IDB has dealt with in the past. This project is more challenging with collateral equity. Film Factory is asking for something different. Mr. Petal advised that there is \$1.5M to handle debt service. He further advised that an audit for Louisiana jobs in particular already being done. Mr. Chatelain advised that this is a gray area and it can be inflated to stay in the red.

Mr. Thorns then stated that this is the first he has heard of subordinating. Mr. Petal stated that it is in the second ten years that there may be a real impairment. Mr. Thorns stated

that discussions on the subordination of the amount due the IDB to the debt service needs to be undertaken and that laws may prohibit such action.

Mr. Cornelius then stated that what the Film Factory is really asking is to pay taxes other than \$45K after 10 years unless able to pay debt service. Mr. Petal stated that the PILOT would never be subordinated. Mr. Cornelius interjected that the matter could not be marketed if PILOT payments were overridden by debt service and that Buck Landry is structuring this. He then asked, "What about Morgan Keegan". Mr. Hattier, the representative for Morgan Keegan stated that he couldn't discuss it. Mr. Thorns stated that this is an unready issue for the Board as it cannot begin to discuss subordination. Mr. Cornelius stated that legally the IDB can but that if the Board doesn't want to act today what would be the time of delivery? Mr. Petal advised April 15; that the Film Factory's back is against the wall as it must have 30% of its construction to take advantage of certain tax incentives; and that he is not sure what happens if not handled at this meeting. Mr. Thorns then asked, "What do we have?"

Mr. Alford then stated that the term "subordinate" is, from Board's perspective, during the period when payments escalate, that LIFT would have certain protection in its lease agreement applying only to debt occurring under the bond issue. Not sure how this would be structured. How do we exercise more focus in the terms of the lease again and he sees. It will require negotiation. Mr. Chatelain asked, "What is the deadline?" Mr. Petal advised that absent the agreement to move forward, he was not sure if the project could move forward. Mr. Thorns then asked if there was time, in fact, to design the instrument.

Mr. Cornelius then stated that if a debt is subordinate to the debt service, you give up the right for a PILOT payment. An agreement can be done to protect but not sure if it can be enforced. The issue is: Whether the Recommendation of the Committee is Board ready. Mr. Thorns then interjected that suppose at the 10<sup>th</sup> year, the Film Factory is having difficulties and we've primed your debt services, is there any way to place a lien on the property before discharging? Mr. Cornelius stated that to the extent that the Film Factory can't pay because of debt service or a sufficient amount to pay, that amount added to the following year must come up with the payment. Mr. Thorns then asked if the Film Factory could be subject to an annual audit of the organization so as not to have this situation of manipulating expenses. Mr. Petal advised that this would be acceptable. Mr. Chatelain stated that the design of the lease to include this will be a complicated lease. Mr. Cornelius then asked if this matter was motion ready. He said he will prepare the documents and circulate them to the committee. He expressed his understanding:

For the first ten (10) years, the Film Factory would make a payment of \$45,000 per year. For years 11 – 20, the Film Factory would pay an escalated amount of 10% in increase per year. In the 20<sup>th</sup> year, full

payment would be made. That payment would be subordinate to ability to pay debt service to the extent can't, the amount would be added to subsequent year and will be due and payable at the end of the term.

Ten percent of ad valorem taxes were 12 – 20, 13 – 30 until full amount paid. The payments are subordinate to the loan requirement and paid first.

The Board will be in a reasonable position at that point with the bond and time for having 2 ½ - 3 years of property taxes, subject to legal interest .

Motion for acceptance of this proposal was offered by Dave Thompson and seconded by Raley Alford, subject to Ray developing the instrument. Clarity was requested and Mr. Cornelius said he would provide.

Note: In year 11 – a 10% increase will be due; payment in year 12 – 10% plus 10% continue until full amount due. The IDB can have lien against the applicant while allowing the debt service with audit provision, all at the applicant's expense.

Mr. Petal questioned whether this would be a separate audit. Mr. Thorns advised that this may require a different audit. This debt is the initial debt with no new debt, with claw back provision this may include other deliverables, e.g., jobs.

Mr. Cornelius then suggested that as long as in the first 10 years will require reporting; assuming to the extent the Film Factory is meeting its obligation and reporting, consider accepting regular audit. To the extent can't pay, then can require special audit. Mr. Thorns interjected that it should be an option of the IDB to make this requirement. Mr. Chatelain stated the claw back should lie into activity going on. Mr. Petal interjected that over periods of time sometimes the jobs will be lower. It was suggested that the claw back tie back to jobs -1,000 jobs so there will be a bit of a buffer. The first number is the highest peak level, expecting to have 1,000 people. Mr. Petal suggested that because film payroll is about 500-600 per month, it may be better aggregate to \$50M payroll on residents.

The vote to accept the proposal and grant final approval unanimously passed.

## **HANO**

The President offered the floor to a HANO representative. Mr. Jeffrey Riddel, the Acting Administrator, addressed the Board and presented HANO's application. He introduced Elias Castellanos and Ms. Judith Moran, and Kelly Longwell. He opened stating that he understands and appreciates the relationship between the IDB and HANO and that his was

glad to present info on each project, seeking preliminary approval on each, including those done in 2006 for credit and GO Zone bonds. There are 10 different applications. The projects submitted will begin housing redevelopment for completion by 2008. The ultimate objective is to satisfy IDB needs which are housing developments and construction jobs. It is estimated that 3,000 jobs will be created during construction and 86 permanent new jobs. These projects will support economic development. The programs are will locally-owned businesses. Under Section 3, there is a federal obligation to work will local business, Judith Moran can show more specifically how successful this has been an HANO must comply with these regulations. People on staff are involved with outreach and training. He stated that staff will be in Houston holding such outreach meetings for displaced families. The program is now training women in construction trade so they can come back. HANO is excited about this program. The economics of this project requirement payment of no taxes to make them financially feasible. He also wanted to acknowledge that he realizes that HANO was delinquent in reporting and on signage. To that extent they have complied and will do on a regular and continual basis. The objective is to get preliminary approval. Mr. Thorns stated that the amount of bonds was relatively low. Mr. Riddel advised that it is based on \$10K per phase in bonding, with a cap of \$10M. The bonds are a concern but permanent jobs even more of a concern said Mr. Thorns. He further stated that with the old HANO projects everything was hired outside the city. He advised that he realizes the constraints but stated emphatically that in New Orleans must utilize to the best interest of the citizens. The IDB must ensure that every dollar can be recycled back into the City. He asked that the procurement issued be tabled but stated that we need to ensure New Orleans gets. We will look at how you do business now. We've, the IDB, grown and so has the New Orleans base.

Mr. Riddel responded stating that he understands that it is about economic development. That he will provide specific info on these questions of procurement and use of locals. The Guste, Fischer used local business 89% of the area, the New Orleans metropolitan area. Mr. Wilson interjected that we, the IDB, must make sure that local means New Orleans and not surrounding areas. Mr. Riddel responded that he understood the objective but further stated that HANO is required by federal when it comes to primary and subcontractors, and are, therefore, limited. Mr. Chatelain stated that maybe HANO doesn't need the New Orleans tax dollars to do this project. And questioned Mrs. Maxine Waters' objective that none of these developments be torn down.

Mr. Riddel responded stated that as it relates to local hiring and resources, HANO will do everything within its power to use locals to the extent that it can and will. With regard to the hearings in Congress, the matter has gone through the financial services committee which asks for immediate redevelopment. HANO is requiring a survey of how many want to return. HANO is doing this and has been doing this.

Mr. Chatelain questioned the condition of these developments, stating that the copper is gone, they have plumbing issues. Mr. Riddel agreed that all facilities have been vandalized. We must do what we can for reoccupation by displaced New Orleanians. The current program calls for redevelopment one-for-one replacement of 7100 units which are in inventory. Mr. Chatelain required if there was a ration on how much 34,000 supported by local tax payers. Mr. Riddel responded that the federal government pays 100%. Mr. Alford stated that it is obvious that this is not traditional. Mr. Riddel was asked to provide copies of policies to which he referred. When you say “no” we must we why.

Mr Riddel was also asked to provide a real time line to the Board. One of the problems suffered before was the lack of communication. He informed that before HANO went before the City of Council for the resolution with the belief that it would help the IDB in its processing of the application; that is, having the City Council’s support. Mr. Wilson interjected that the program must work for the citizens of New Orleans.

Signage was addressed and copies of the signage at the Fischer and Guste were provided.

Mrs. Harris stated that when looking at the proposal and the breakdown regarding job creation, is the property managers’ job additional new jobs. Mr. Riddel advised that they were new jobs and the total was understated in the application. She inquired as to the units at the Guste for senior citizen, stating that the unit number was low considering those who have been displaced. She then inquired as to who was “Apollo Equity”. Mr. Riddel responded by stating they were a “syndicate” – a provider of equity and that many other companies have fallen into this category. They are put together as an investment fund with investors. HANO created these structures for Fannie Mae and Freddie Mac. Mrs. Harris brought out the fact that they have 99.99% interest and they are not identified in the application. Mrs. Longwell advised that they do not know who the investors are. Mr. Moran stated that the investors provide the tax credit needed for the project.

Mrs. Marchand then inquired as to the use of local participation being at 84% and requested a breakdown. Mr. Riddel advised that total awards are as follows:

Local	8
WBE	50
MBE	56

Mrs. Marchand advised that this is not shown in the application. Mr. Thorns stated that the problem over the life of HANO projects boils down to management of the facilities. There seemed to have been no rules, only chaos. Mr. Riddel advised that the failed management process is gone. They now intend to use private contractors, no HANO

management. With the smaller projects they will be developed by HANO and privately managed - with the larger projects, private developers. Mr. Thorns asked that HANO share with the Board their intended management structure.

Mr. Riddel advised that HANO is providing outreach in Houston. That a team of staff is trying to stay in contact with displaced New Orleanians and they are doing a series of contacts in an effort to better locate these displaced individuals. In Texas, they are going to Ft. Worth, Dallas and San Antonio. Mrs. Marchand asked about Baton Rouge. Mr. Riddel advised that HANO has already done Baton Rouge. Mr. Thorns asked that such communication be shared with the IDB>

Mr. Chatelain asked, "What were the criteria for living in the newly developed units?" Mr. Riddel informed him that details are being worked out as the development will have mixed income units and public housing, the public housing has more stringent regulations. These criteria will be delivered to the Board when completed. Mr. Thorns called time and emphasized that HANO must provide the IDB with a time-line and that it must engagement in a contract for the production of a cost benefit analysis. Mr. Riddel stated he understood the terms and the requirements.

Mr. Thorns requested a motion to grant preliminary approval. Same was offered by Mr. Alford for grant for preliminary approval on all applications submitted by HANO and the motion was seconded by Mr. Wilson.

Mr. Cornelius stated that he was confused as the number of applications and the number of projects. Mrs. Moore advised that there are 19 sites with 10 projects.

## **ROBERT'S**

Mr. Thorns then asked for the representative of Robert's to step forward. Mr. Steven Hattier of Morgan Keegan presented and advised that Robert's has four (4) applications but that at this time, only 2 were being presented with new construction as the Claiborne and Carrollton site, near the proposed Walgreen's. The store on Annunciation will not be reopened. After discussion, Mr. Thorns requested a motion for the granting of preliminary approval of the applications. Mr. Alford stated the only thing is that everyone has not had the chance to review the application in its entirety. He stated that other retailers have re-opened and couldn't understand why these stores need tax relief. He stated further that if they were looking for final approval today, he would vote against it. Mr. Thorns requested a motion to grant preliminary approval, advising that the grant is non-binding and is meant to assist in recapturing the applications expenses.

A motion was offered by Mr. Torey Bullock and seconded by Mrs. Harris to grant preliminary approval. The floor was opened for discussion. Mr. Chatelain stated that as with the Film Factory, he would like everything red lined. Mr. Cornelius stated that provision would be lengthened and that he will send that portion of the lease to the board. Mr. Chatelain requested that a copy of the entire lease be sent.

### **HOME DEPOT**

Mr. Thorns requested an update on the final documents in connection with this project. Mr. Cornelius advised that there is a new MTC lender with the bond issues, this is a major breakthrough. It sets moving ahead back about 3 – 4 weeks. Mr. Thorns stated that the provision will help the IDB survive in the case of early redemption along with the fee structure. He further asked that the language be a part of the life of the PILOT. Mr. Cornelius stated that he would attach the fee structure to the ad valorem tax and make it a part of the motion. Mr. Cornelius stated that in the case of HANO, the fee was equal to \$100 ye the value may be more than \$30M. He advised that he has come up with a formula in cases where the pay is greater or 1/27 of the tax benefit they would get if the property were on the rolls. It comes out the same way at 1/10 of 1%.

A motion to have the new fee structure attached to the life of the PILOT was offered by Mr. Wilson and seconded by Mr. Bullock.

### **BGR**

Mr. Thorns stated that the report was not a sever indictment but did criticize. The good thing is that the IDB has been working on some of these issues raised in the report. Bad new, BGR still doesn't know what IDB does and we need to work harder letting people know what the IDB does. There are many misconceptions and one is that the IDB gives to the un-needy. The IDB makes sure each project benefits the City of New Orleans. He advised that he offered to meet with Ms. Howard. Mr. Chatelain requested that she be invited an IDB Board meeting.

### **AUDIT**

Mr. Thorns presented the bill from the auditor and requested approval for payment. Mr. Alford stated that absent a detailed substantiation he was not inclined to vote for payment. Mr. Thorns stated that he would request same and send it to him.

A motion to pay the outstanding bill was offered by Mrs. Marchand and seconded by Mrs. Harris. There was one opposition, Mr. Alford.

### **OFFICE SPACE**

The sublease has been signed with the City. The move should take place April 1.

### **OTHER BUSINESS**

Mr. Thorns stated that back in October he broached the subject of how the IDB should deal with each project from the front end to the back end. He then introduced Mr. Todd Francis representing FCC Capital Management. He stated that in talking with Mr. Thorns and taking into account the BGR comments, he saw how FCC could assist the Board in monitoring the claw back provision of each agreement. He would like to review current policy and stated that FCC was not affiliated with any bank. He also advised that he was on the Board of the BGR. There was concern that what was being offered was overlap of what was being done by Metro Source. Mr. Thompson asked them to identify some of their clients who did work similar to the IDB. Mr. Francis advised that La. Economic Development Corp. which is economic based driven, independent and has public funds. The matter was asked to be tabled for a later date.

Mr. Thorns then advised the board that he was sent an invitation to participate in the Secretary of Economic Development's Trade Mission to Panama and wish to have the Board cover the expenses for same. The Trade Mission is developed to promote more activity in New Orleans. A motion to grant funds to cover expenses up to \$5K was offered by Mr. Wilson and seconded by Mrs. Harris.

After all discussions held, a motion to adjourn the meeting was offered by Mrs. Marchand and seconded by Mr. Wilson.

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Secretary Treasurer



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

**APRIL 10, 2007  
12:30 P.M.  
44<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

Present:

Jimmie Thorns  
Tyrone a. Wilson  
Susan P. Good

S. Ault Hootsell, III  
Torey Bullock  
James Paul Johnson

Glenda Jones-Harris  
C. David Thompson

Sharon Martin, Admin. Consultant, IDB  
Jade Russell, Bond Counsel, Adams and Reese

Guests:

Gil Benedict  
Roy Glapion  
Steven Hattier  
Sheri Landry  
Tina Owens  
Stephen Daste  
Emily Ostuw  
Tom Crumley  
Greg St. Etienne  
Todd Francis  
John McKnight  
Kate Mitchell  
Stanley Meyers  
Rev. Jordan  
Dorian Hastings  
Darryl Kilbert  
Kelly O'Connor  
Shelly Midura  
Alex Moran

The President, Jimmie Thorns, Jr., opened the Public Hearing meeting at 12:40 with the first item on the agenda - "The Film Factory". Ms. Martin was asked to read the details of the Public Hearing Notice. Mr. Tres Bernhard, its representative, was then introduced.

Mr. Thorns asked if there were any objections to the final approval of the Film Factory and there was no response.

Mr. C. David Thompson asked, however, if the red line of the lease on the Film Factory had been completed as Mr. Cornelius was to present a copy to each Board member prior to any final approval of same. The Board was advised by Ms. Russell that Mr. Cornelius was still working on it and that it was not yet complete. Mr. Bernhard then asked if the failure to produce this document would hold up the closing and further asked when will the closing be held? Mr. Bernhard was advised that the required document is needed for the closing. Mr. Thorns asked that this part of the matter be held until the Board meeting was opened as nothing could be done until the document was prepared and distributed.

Mr. Thorns then moved on to the second item on the public hearing agenda – “Carrollton Revitalization (Walgreen’s). Ms. Russell read the details of the Public Hearing Notice. Mr. Thorns then opened the floor for comments. Mr. John McKnight then took the floor and advised that he lives in the Carrollton (Gert Town/Hollygrove) area and advised that this was his first time hearing of this Carrollton Revitalization project. He stated that he has made calls to several sources but to no avail, further stating that he has never been invited to a meeting. Mr. Thorns then explained the scope of the project, advising that it would be a Walgreen’s. Mr. McKnight then recalled having heard of the project and stated that he has no objections, further emphasizing that he approves of the project.

Ms. Sherri Landry then took the floor, advising that she was with the Orleans Parish School Board and drove in from Florida. She stated that she had been informed by Janet Howard of the Bureau of Governmental Research that taxes were being given away that affect the school board. She stated that she wanted the members of the Board to know that incentives are needed but it’s foolhardy to give such incentives to developers taking it away from the Orleans Parish schools; that schools are in very poor condition, teachers underpaid and that she came today to let the IDB Board know that the School Board opposes the give away of any incentives that reduce school taxes. She further stated that the School Board is doing everything it can to create a quality education system and that Louisiana is 37<sup>th</sup> in the nation.

She further advised that 35% of the property in New Orleans is taxable. She suggested that rather than give away taxes that all property be made taxable for education. If this was done, the school board could get \$22M per year which could build new schools and gain good teachers. She stated that last year, the City took 4 mills from schools. The cost is 6.9 mills ad infinitum. She understands that the IDB is helping to rebuild New Orleans but asked to please not exempt school taxes further asking that the IDB become a part of the school board army. She then introduced Mr. Darryl Kilbert who echoed Ms. Landry’s please for support to help provide quality education.

Mr. Thorns thanked Ms. Landry for her presentation and stated unequivocally that not in the history of the IDB has the IDB cut taxes. He stated that the IDB is an economic development vehicle and a vehicle that gives away taxes. He further stated that all taxes imposed on any property remains in place. What the IDB tries to do is created an incentive that will entice businesses to come to New Orleans. He pleaded that it be understood that the IDB never cuts taxes and that the intent is to increase the tax base.

Ms. Landry then asked if the IDB gives delayed tax payments. Mr. Thorns suggested that he and members of the IDB meet with the School Board to give a briefing on the mission of the IDB in the near future. He asked that Ms. Martin place such a meeting on an agenda to be arranged.

As there was no other business, Mr. Thorns stated that for the record the public was held on this issue.

Ms. Russell then advised that there were the Domain Properties that remained on the Public Hearing agenda, advising the following:

750 Jeff Davis, LLC - \$500,000 in Bonds, Series 2007  
Crescent City Club of New Orleans - \$1.5M in Bonds, Series 2007  
Preserve New Orleans, LLC - \$1.5M in Bonds, Series 2007

Ms. Jones-Harris then asked the specific location of these projects. Mr. Matthews Schwartz was then introduced and he provided the specific location of each project, stating further than there are 3 mixed and affordable housing developments being proposed and they were all located along the Tulane Avenue corridor. He stated that Crescent Club was the only property that will have street front retail, a community center, recreation center and would be managed by the Domain Companies.

Mr. Thorns then opened the floor for comments. No were made known and Mr. Thorns accordingly closed the Public Hearing at 12:53 P.M.



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

**APRIL 10, 2007  
12:30 P.M.  
44<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

**Present:**

Jimmie Thorns  
Tyrone a. Wilson  
Susan P. Good

S. Ault Hootsell, III  
Torey Bullock  
James Paul Johnson

Glenda Jones-Harris  
C. David Thompson

Sharon Martin, Admin. Consultant, IDB  
Jade Russell, Bond Counsel, Adams and Reese

**Guests:**

Gil Benedict  
Roy Glapion  
Steven Hattier  
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Tina Owens  
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Emily Ostuw  
Tom Crumley  
Greg St. Etienne  
Todd Francis  
John McKnight  
Kate Mitchell  
Stanley Meyers  
Rev. Jordan  
Dorian Hastings  
Darryl Kilbert  
Kelly O'Connor  
Shelly Midura  
Alex Moran

The meeting of the Board of the Industrial Development Board of the City of New Orleans, La., Inc., opened at 12:55 PM. Mr. Thorns introduced Councilwoman Shelley Midura to all who was there to watch the proceedings as many projects were in her district, in particular, the Film Factory. Mrs. Midura informed the Board and its guests

that she wanted to express the economic benefits the Film Factory would give to the City; it is a new industry and a great effort in the redevelopment in the Lafitte.

Mrs. Midura then stated that the Domain Companies' projects – one in the old light building and another in the old Baumer Food building – are in an area slated for redevelopment. She further stated that the Walgreen's project was also a very important one and a benefit to the City. She stated that she was just voicing support not how to work documents.

Mr. Thorns then asked for a motion to approve the minutes of the meeting. A motion for approval of the minutes was offered by S. Ault Hootsell and same was seconded by Glenda Jones-Harris. The vote to accept same was passed unanimously.

### **HOME DEPOT**

The first issue to be addressed by the Board was the status of the Home Depot. None was provided as Mr. Cornelius was in New York at this time.

### **FILM FACTORY**

Discussion was opened. Mr. Thorns advised that the mechanics of the final documents were yet to be completed further advising that before there is any approval the document would be red lined as requested by the Board and that approval is subject to working out the details of the subordination request. This matter would be tabled until the May meeting. Mr. Thompson asked if every other detail was agreed upon except the subordination clause. He was informed that the number of yeas of the PILOT had not been agreed upon. Mrs. Good then stated that she understood that there was to be included in the final documents the requirements of a special audit. Mr. Thorns explained that the financing mechanism will deal with subordination of the PILOT, further stating that when the IDB enters into the final agreement, it takes title to the property. By law, this eliminates the requirement of taxation. These funds are then brought back to the City in the PILOT agreement. Those tax payments (PILOT payments) are distributed to the same recipient bodies. With the Film Factory, the IDB is being asked to look at it differently because of the revenue stream. The IDB must create a document to include subordination. If the subordination details are approved, the IDB will see the Film Factory's cash flow through an audit to make sure cash flow is positive. If the cash flow should roll into a negative column, we, the IDB will require a special audit paid for by the client. This will be necessary to make the project work. If the cash flow should fall into the negative, the bank will be paid first and then IDB.

Mr. Thompson interjected that nothing else will be missing. Mr. Thorns advised that the IDB is taking extraordinary steps to make the project work but that it can't be done until

the IDB's Bond Counsel develops the mechanism to protect the IDB and the City. This will be a tight-knit relationship. Mr. Bernhard stated that the Film Factory is "for that". Mr. Thorns then advised that we're trying to keep moving forward and understands that there are short fuses and that the State Bond Commission approve is waiting on IDB final approval but that the document must be the liking of the Board. He stated that he understands that it must be approved before the next State Bond commission meeting and ensured that Mr. Cornelius would circulate a red-lined copy to the Board. If this is not done timely, it could hold up the closing. Approval by the Board is needed. Ms. Good asked if this is the only time that the State Bond Commission will approve? Mr. Bernhard informed the Board that absent the approval at the May meeting, they may have to start process over.

A motion to table matter until May meeting was offered by Mr. Thompson and seconded by Mr. Hootsell. The vote passed unanimously.

### **DOMAIN PROPERTIES**

The Board was advised that the Cost/Benefit Analysis was not yet completed. The applicant is seeking approve on the bonds to allow them to move forward with the closing. The Board was reminded that there was a special request to have these reports accelerated as time is tight. The problem, according to Mr. Schwarts, the Domain Properties, representative, is that there is a tight window. He advised that the projects must 10% of its development costs - \$110M – by July 1 and a cushion is needed to do this. Mrs. Jones-Harris stated that she was concerned with developers coming and placing the IDB in a quick approval mode. Mr. Thompson then asked for clarification, he stated that he understood the LIFT/Film Factory time line but not the Domain Properties need to move quickly. He further stated that it is not a standard to make the IDB move at a different pace and asked whether or not this will continue.

Mr. Thorns stated that these two projects were the only two under the gun at this time as GO Zone side of the project is trying to roll in time frame – in the case of the Domain projects, they have to spend \$10M by July 1<sup>st</sup>. Mr. Thorns stated that he did not foresee any other project putting the IDB in this position. He further stated that he likes to stick to the time lines that are submitted and that this is an unusual case and hopes that the IDB is not the reason for the loss of tax credits. Mrs. Jones-Harris stated that she understands but emphasized that it is a burden fast tracking. Mr. Thorns stated that in the future the IDB will try to avoid such fast tracking.

Mr. Schwartz stated that he provided all the information to Metro in hopes of having these expedited. Mr. Brown of Metro injected that it takes, at the least, 3 – 4 weeks to prepare these analyses and that were being expedited. Gathering the information is the most time consuming; that two are done. The other two will be completed by the end of next week. Mr. Thorns stated that also included in that time frame is the review by the Cost/Benefit Analysis Review Committee and approval by the Board. Cooperation is needed by all parties. IDB needs to make sure that the time line submitted reflects what is left to be done in the process of each application. Mr. Bullock then asked if the project is not approved by the IDB, what is the Domain Companies plan? Mr. Schwartz replied that they will try to commence construction but that it will be difficult. They are hoping to close in mid-May for other incentives. Mr. Hootsell asked, “What is being requested?” Schwartz informed the Board that taxes on the property reflect the following: Crescent Club - \$27,000; Preserve New Orleans - \$23,000; and Jeff Davis - \$9,000. Mr. Thorns advised that the PILOT is a negotiated instrument based partly on the Cost/Benefit Analysis and asked if the Board would consider giving final approval today subject to the Cost/Benefit Analysis and recommendations of the committee.

A motion to grant final approval subject to review of the Cost/Benefit Analysis, recommendations of the committee and approval of the Board was offered by C. David Thompson and seconded by James Paul Johnson.

Discussion was further held. Mr. Wilson advised that he would rather come back in two weeks to approve after review of the Cost Benefit Analysis. Other suggestions were also offered in terms of reviewing the Cost Benefit Analysis and scheduling meetings. It was also suggested that a quorum would be necessary to give final approval. Mr. Schwartz advised that they are looking to get final approval from the State Bond Commission at its April 19 meeting.

It was then suggested that the next Board meeting date for IDB would be Tuesday, May 8, 2007. Mr. Brown stated that the Cost/Benefit Analyses would be finished by the end of next week.

A motion to withdraw the previous motion offered by Mr. Thompson and seconded by Mr. Johnson was made and no final approval subject to review of the Cost/Benefit Analyses was made and accepted. It was agreed that there would be a recommendation for final approval at the May 8 meeting in order to allow Domain the opportunity to get final approval from the State Bond Commission at its April 19 meeting.

## **BARONNE DEVELOPMENT NO. 2, LLC**

The floor was offered to the representative of applicant. Mr. Stephen Hattier of Morgan, Keegan took the floor and presented the scope of the project, advising that the building is the old 210 Baronne Building (FNBC Building) and that Mohan Kailas was the developer. Mr. Thorns asked how much was in retail space. Mr. Hattier advised that all was still in the preliminary stage and suggested that perhaps 10,000 square feet of retail with parking, in compliance with the zoning.

Mr. Thorns stated that now that we have the overview, it should be understood that if preliminary approval is granted, it is non-binding. The preliminary approval allows the applicant to move forward and that after preliminary is granted, the IDB requires certain documents and a series of events must take place. Mr. Hattier stated that he understood. Mr. Thorns then asked for a motion to grant preliminary approval on the project.

A motion was offered by Mr. James Paul Johnson and seconded by Glenda Jones-Harris. A vote was taken and the motion passed unanimously.

Mr. Thorns extended the explanation, advising that this will allow the applicant and opportunity to recapture expenses as far as 60 days back. He stated that the applicant would be getting a letter from the IDB requesting among other things, a time line, and the engagement of contract for a Cost/Benefit Analysis which consultant will be identified by the IDB and the resulting analyses paid for by the applicant.

## **521 TCHOUPITOULAS**

Mr. Tom Crumley was then offered the floor to make a presentation to the Board. He advised that the project is a development of the Woodward Interests and that Mr. Flower is the owner of Carl E. Woodward. They are proposing the construction of an annex to the hotel and parking space. The building under consideration housed the Historic New Orleans Collection. Mr. Flower is now building the Historic New Orleans Collection a new facility in the French Quarter. The building being sought sits adjacent to the current Staybridge Hotel; the building is subject to historic tax credit and GO Zone bonds and a PILOT are being sought. It has city council approval. A time line has been conducted. They are eager to get the building started and completed by next year and to take advantage of the historic tax credits. The bonds can be ready by middle of August; they are buying the building in mid-May. The back up is with conventional financing. The financing for the hotel is difficult – tough market. The applicant is seeking \$80M in tax exempt bonds with an added cushion of \$2M in equity - \$7M bonds. Further they are requesting a PILOT holding current taxes at \$5K. The Historic New Orleans Collection

was tax exempt. They are proposing a 15-year PILOT was going to ask for 30 years increasing taxes to \$20K, upward to \$25K and \$30K. Mr. Crumley advised that he understands the need for the Cost/Benefit Analysis. The property will generate about \$75K per year when the components have been completed. Mr. Crumley further advised that Councilwoman Stacy Head supports the project. He believes the selling features include the creation of 6 full time jobs and 50 during construction. The property would be assessed at \$5K per year.

Mr. Thompson inquired that if the property is tax exempt how did they come to derive the staggered payments. Mr. Crumley advised that if the property were taken off the tax rolls, current taxes would be at \$25K, based on current assessment and millage value, and because the hotel would generate a few tax dollars. They are betting on the future of the hotel industry.

Mrs. Good then asked, "Why \$5K current taxes if the property is tax exempt?" Mr. Crumley advised that Staybridge leases parking, a for-profit piece which pays taxes. Mr. Hootsell then stated that the Exhibit on B-6, Revenue and Expenses, is from the perspective of Staybridge. Mr. Crumley stated that they have run numbers several different ways including a market study. Ownership is separate with a lease agreement for parking. The B-6 exhibit projects a net operating income increase when the 24 rooms are added. 521 Tchoupitoulas will be the borrower/lessor and Poydras Lodging Inn the lessee.

After the presentation, Mr. Thorns asked Mr. Crumley if he understood the earlier talk to engage in contract for Cost/Benefit Analysis, provide time line, etc. Mr. Crumley replied that he is ready to go. Mrs. Jones-Harris asked how long has the LLC been in existence. Mr. Crumley advised that the 521 Tchoupitoulas is a newly formed LLC with single asset, it is a stand along new LLC.

Mr. Thorns then asked for a motion to grant preliminary approval.

A motion to grant preliminary approval to the 521 Tchoupitoulas LLC project was offered by Tyrone Wilson and seconded by Torey Bullock. A vote was held the grant of preliminary approval was unanimous.

### **CENTRAL CITY COMMUNITY BENEFIT COALITION**

A presentation of this coalition was made by Nell Bolton and Rev. Jordan. With them were a number of members of the coalition. Ms. Bolton explained that the Coalition's mission is to ensure that the community benefits from any type economic development that may take place in their community. They recognize that Post-Katrina the private

sector depends on any assistance they can get to rebuild. The Coalition manages to oversee that Community Benefit Agreements are engaged and brought into any final agreements that may be signed. It is an important tool. The Coalition exists for a broader community to ensure mutual benefits not only for the community but also for the developer. Rev. Jordan suggested that everyone take a look at Page 2 of the brochure that was distributed to the Board.

Ms. Bolton then brought specific attention to the Home Depot project at Earhart and Claiborne. She wished to have IDB help to ensure that living wages would be offered and that education partnerships were created among other things. She stated that she understands that Home Depot made some commitments which included construction jobs, permanent jobs, and sales of \$30M annually. She stated she further understands that it will be seeking a PILOT of 20 years and, in excess of \$8M in bonding. This she stated is a substantial benefit and that if given this, they should be compelled to give back to the community and that an enforceable contract should be negotiated. She called upon the IDB board to support these specifics.

Mr. McKnighten then interjected that during Cost/Benefit Analysis agreement, could not approval be given by Mrs. Head or the Home Depot? He asked who was the partner in concert with the Home Depot; Who was the non-profit in concert with Home Depot. Mr. Thorns, then advised Mr. McKnighten that the IDB represents the City not a particular district. The IDB's job is as an economic development facilitator. It receives applications on projects and can determine if they have benefit to the City; that the IDB has two powers: 1) to issue bonding and 2) offer PILOTs. He explained that if a PILOT is engaged, the IDB takes ownership of the property and lease back to the developer – this power is city-wide.

He further stated that the idea of asking a developer to create a benefit is by evaluating the Cost/Benefit Analysis. What we do is not a science. We are evolving trying to make a better product. He stated that the IDB is open to suggestions on how it can improve. What the IDB does affects the entire City. We can try to do some of the things you ask, for example, job creation – temporary and permanent; enhance sales tax revenue and many more, including hiring and youth activity. The IDB has to identify what projects bring to the table. PILOTs benefit the City. We will be happy to receive your input.

Mr. Thorns then made it known that the IDB is community minded and informed the guests that the Home Depot made a substantial investment in New Orleans by taking the most expensive and in-need of repair property by remediating it, elevating it and rebuilding. The land has been developed and there is a ripple effect – Central City now has an opportunity to re-develop and build. There is a direct relationship between Central City and the Home Depot.

A member of the Coalition asked if items such as local hiring, living wages, can be enforced by the IDB and what mechanism can the Coalition play in making sure that the benefits are enforced. Mr. Thorns assured them that they can play a very critical role in this process and advised that the IDB would be happy to make the Coalition aware of meetings and agenda. From that, the Coalition can do its own investigation. One of the tools the IDB is creating is a system to check to make sure benefits to the City are received. The project will be reviewed on a regular basis, monitored if you will. The IDB will impose a claw back provision in all final agreements a tool by which the IDB will be able to monitor progress and benefits. They conditions will be honored or the applicant will have to pay taxes. Mr. Thorns advised that he appreciated the presentation and wished to have continued input and feedback and criticism from the Coalition. He informed the Coalition that the IDB has many projects that it has supported and which have benefited the City and which the benefits stay with the city. The only exception is when the government is involved.

Mr. McKnighten reflected on when the Guste was being built how they tried to ensure that employment was something the community could look forward to and by what mechanism could they ensure that local were hired. Mr. Thorns suggested that they get district council people involved. Mr. McKnighten stated that he now knows what the IDB is doing. He thanked Mr. Thorns and the Board for providing the information but stated emphatically that “we need jobs” to work our way out of the projects. Mr. Thorns stated that he is not familiar with any provisions that require a developer to partner with a non-profit. IDB has no such requirement either. He stated that he understood the mission of the Coalition and supported their need to ensure community benefits were derived. He stated that the Coalition would be placed on the IDB list to be notified of future meetings and projects slated for Central City. He further informed the members of the Coalition that the IDB, as a public body, held meetings opened to the public.

Mr. Thorns was then asked if the Coalition could present its interests in project slated for their areas. He assured them they could and that the IDB would be happy to review suggestions and input by the Coalition. He then thanked the Coalition for its presentation and requested a motion to adjourn.

A motion to adjourn the meeting was offered by S. Ault Hootsell and was seconded by Glenda Jones-Harris.

The meeting adjourned at 2:30 PM.

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Secretary Treasurer



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

**MAY 8, 2007  
45<sup>TH</sup> FLOOR – ONE SHELL SQUARE**

**Present:**

W. Raley Alford III  
Glenda Jones Harris  
C. David Thompson

Farrell Chatelain  
S. Ault Hootsell III  
Jimmie Thorns, Jr.

Susan P. Good  
James Paul Johnson  
Tyrone Wilson

Jade Russell, Bond Counsel, Adams & Reese  
David Wolf, Bond Counsel, Adams & Reese  
Sharon Martin, IDB Admin. Consultant

**Absent:**

Torey Bullock

Ernest P. Legier, Jr.

Nina H. Marchand

**Guests:**

Paul Simoneaux, Elkins PLC  
Holly Barham, Foley Judell  
Stephen Stuart, BGR  
Gilbert Smith, U. S. Raceway Group  
Darryl Berger, Carrollton Renaissance  
Trevor Williams, Metro Source  
Steven Hattier, Morgan Keegan  
Kathleen Rhodes Astorga  
Karl Kehoe, Real Estate Tax Group  
Greg St. Etienne, FFC Capital  
Janet Howard, BGR  
Greg Beuerman, BMF  
Greg Thomas, Times-Picayune

Matt Schwartz, Domain Cos.  
Marsha Broussard, Healthy Business  
Wayne Neveu, Foley Judell  
Creig Brown, Metro Source  
Josh Collen, HRI Properties  
Pres Kabacoff, HRI Properties  
Phillip Manuel, Bright Moments  
Ernest Gethers, CNO-DPD  
Octave Francis, FFC Capital  
Amy Enchelmeyer, Cncl. Fielkow  
William Wright, Adenger P.C.  
Dr. Bill Oakland, Metro Source  
Joan Rhodes

The meeting was called to order by the President, Jimmie Thorns, Jr., at 12:42PM. A roll call was held. A quorum was present. The President asked for approval of the April 10, 2007 minutes. By motion of Tyrone Wilson and seconded by C. David Thompson

approval of the previous month's minutes, subject to any changes, was accepted and the vote accepting same was passed unanimously.

The first order of business was the presentation and review of the cost/benefit analysis prepared in connection with the Carrollton Revitalization (Walgreen's) project. The presentation was led by the Committee Chair, Tyrone Wilson. Mr. Wilson advised that the committee met with the developers and the economists. In light of Mr. Darrel Berger's absence, Mr. Wilson asked that the matter be tabled until Mr. Berger, who called advising he would be late, arrived. Matter tabled until arrival of Mr. Berger.

### **DOMAIN COMPANIES (750 Jeff Davis, Preserve N. O. and Crescent Club)**

#### **750 Jeff Davis**

Mr. Wilson presented on behalf of the Ad Valorem/Cost Benefit Review Committee, advising that the Committee met and that all three properties have the same issues. Metro Source prepared the Cost/Benefit Analysis. Mr. Wilson advised that in reviewing the benefits, it was determined that the project had a negative fiscal impact. He stated, however, that prior to Katrina the Committee would have denied the request but all three provide housing which is desperately needed - whether rehab or new construction. He stated further that in spite of indications in the Cost/Benefit analysis, the Committee felt it could recommend all three for approval to the Board. It was noted that Committee recommended, however, to reduce the PILOT time from 20 years to 15 ½ years.

The issued was opened to the floor for discussion. Dr. Oakland took the floor, advising and that the subsidy benefits to tenants are below market value. Fiscal accrual to the citizens of New Orleans, he stated, should be a plus - although some benefits are non-quantifiable, e.g., number on means to have decent housing or the spur to get folks back to New Orleans. In making this assessment, the ad valorem was considered.

Dr. Oakland stated that one of the issues the CBA brings to light is that these projects are heavily subsidized. Construction is paid from third parties. Consequently, what takes to the construction is considered cost to the various agencies offering credits - ration of 5 to 1 - equal to every \$5 will put \$1 in pockets of tenants. It may be better to give them a check and let them buy a house. But, he stated, there is a need for the market. The IDB subsidy is small change. The funding that is making the project work are the Community Development Block Grant and other tax credits. This project could go forward without the IDB support. Dr. Oakland stated that the Jeff Davis project is dedicated to low income housing.

Mr. Thorns raised a question on the issue of subsidy – CDBG, tax credits – and asked Dr. Oakland clear up the concept of “subsidizing developer or project”. Dr. Oakland responded, if issue is to provide housing to low income, the Jeff Davis project has a ratio of 2 to 1, and is characteristic of such projects – e. g. HANO. Mr. Thorns then asked what is driving the cost. Dr. Oakland replied, it’s a puzzle – at \$275K per apartment unit. Somebody’s getting the money. Mr. Thorns then asked, if took \$275K per unit to build. Mr. Wilson then interjected that other subsidies by other agencies is not our [the IDB] issue – only the benefits to the City. Mr. Wilson stated further that the Committee recommended reducing the years of the PILOT and felt the project was awardable. The City desperately needs housing. This project may not be built. At this point, Mr. Thorns invited Mr. Schwartz into the discussion, pointing out the \$275K per unit building cost. Mr. Schwartz, replied that today to build such an apartment in N. O. would cost \$225K. He provided a description of the apartment including the concrete deck. He stated that this is a reality of what it costs to build housing in New Orleans post-Katrina; projects at a lower cost may be rehab. He stated that the Domain Cos. Lenders feel this is reasonable; development costs are reasonable and have been bid out. The Domain Cos. financial teams are ready to close these deals by next week. Mr. Thorns reiterated – the \$275K is development costs not construction costs. Schwartz replied that the figure included demolition, construction, engineering, architectural, costs to acquire, legal expenses – all tied in. Mr. Thorns then asked what is the cost to construct? Mr Schwartz answered, “Approximately \$160K pr unit or \$150 psf.”

Mr. Alford then asked for an explanation of the \$16M plus in tax credits and how it works. Mr. Schwartz replied that the tax credits are given to investors – they are a syndicated group of private investors. The Domain Companies have the same type investors. Mr. Alford asked if the CDBG (Community Development Block Grant) funds are repaid. Mr. Schwartz replied, “Yes” – stating it was a 0% loan – a no recourse loan. Discussions continued with Mr. Alford questioning the borrowing power of the developers in the amount of \$7.3M. He further asked that in light of Dr. Oakland’s view that with this level of subsidy why should the City need to give more; that Domain Cos. should be applauded to obtaining these credit; and asked why is the city being asked to contribute in light of your ability to fund and your acquisition of tax credits.

Mr. Schwartz stated that the developers put up the front capital. There is a limit on what they could raise. The amount of subsidy does seem substantial. The Wall St. Journal in one of its articles showed the LFHA statistics show that 65% of projects would not have enough to make projects happen. He stated further that at its first meeting with the IDB, Domain Cos. advised that the average insurance expense was \$1K per unit; now it is over \$2K per unit, not counting labor and materials. Simply put, to get funds in terms of tax credits doesn’t mean the project can work. Mr. Alford then stated that in reviewing the CBA he noticed that the developer’s fee is \$4M? Mr. Schwartz advised that the figure is the max allowed with 40% deferred. The LFHA allows developers fee up to 15% of

development costs. It's up to you to raise the capital. We rely on developer's fee up front in return.

Mr. Thorns then asked if there were any other questions or concerns. Mrs. Good then asked what is the appreciable difference in a 20 year PILOT and a 15 ½ year PILOT, after which point Mr. Chatelain added it was still negative to the City. Dr. Oakland then responded that it equates to 15% less benefits to the developer and probably not that much of a change. Mr. Wilson then stated that we must keep in mind that whatever taxes are being paid will still be paid and that after 15 years full taxation comes in. Please take a look at this City which needs housing, we're in post Katrina housing need. The questions was then asked, "Why 15 ½ years and not 5. What about the other subsidies, why not 5 years. Fact is, why is a 15-year PILOT used and not 5?" Mr. Wilson advised that the original request was for 20 years and that 5 years was never considered; and that the Committee is only interested in making the project work. Mr. Thompson then asked about the financing gap that comes from the bond financing to which Mr. Schwartz replied about 60%. Mr. Thompson then asked what is the impact on 15 years to 5 years. Mr. Schwartz advised the difference of whether the deal would work or not. Compliance is 15 years. When underwritten, you must show expense line during 15-year period, working along with the tax credits. The PILOT is critical to achieve underwriting to make the project work. Mr. Alford then stated that as he reads the numbers as provided, the project would not make debt service. Out of \$7.3M, the developer is asking the tax payer to cover 30%. The developer wants to make sure it's profitable. He also stated that in looking at the cost/benefit analysis it reflects that the profit starts in year one. What's not computing is, when finished, the developer will have an asset with real value. The investment people will be happy with their "losses".

Mr. Schwartz advised that the project is a good long-term investment. The issue to raise capital to build from day one was a concern of tax credit investors who got cold feet in spite of subsidies – they did not want to touch the project. We got the City involved. Now would like to know the status: 5, 10, 15 years. He advised that the Domain Cos. do a lot of community development that goes well beyond the market (Freddie Mac, etc.). and that the Domain Cos. is lined up to do finals by Thursday next week.

Mr. Pres Kabacoff asked to be offered an opportunity to provide insight, stating that Mr. Schwartz asked HRI to manage the properties and that HRI is the only manager at this point that would manage mixed-income housing. He stated that deferring 50% of the IDB fee on the PILOT, in his assumption, would not have been considered by the investors. Developers would be doing twice as much work if they were elsewhere. Despite of the optimism of New Orleans and real estate, value can go down. I wouldn't do 40% less. When Dr. Oakland says \$1,100 per unit, and you put discounted market rate, the tenant, if in mixed-income, wishes to get market rate apartment won't happen. Discounting is a challenge. New Orleans is in a different state of affairs considering

insurance, construction costs, etc. It makes doing business in New Orleans very difficult these days. At this time, Ms. Jones Harris asked Mr. Kabacoff if his suggestion was that if IDB doesn't work with this project, the deal won't go. He replied that based on what Mr. Schwartz has described if this project is not approved by the IDB, the project will certainly be placed in the red. Mr. Thompson then interjected that at no time during the process of the application was it even implied that the project shouldn't make a profit and only at this time are we aware of the 60% fee covered. The IDB members need to know this kind of information up front. The central focal point of the BGR's report is that 65% of current property owners do not pay taxes; the burden is on the other 35% that do. We want to do this in a proper way and right now we're faced with political issues and affordable housing. At this time, Mr. Chatelain stated that we don't want to reject or accept on wrong information - maybe Metro didn't have the table.

Mr. Alford stated that this is the problem with our [IDB] process. In February Schwartz stated insurance costs high but we have had no record of the costs. Now we're faced with a request for exemption. Mr. Alford then stated that insurance costs may come down in the future and we're being asked to make a determination affecting the City based on current conditions. What if, in the future, insurance costs go down? The City needs money. I agree with Farrell, for us to enter into this type deal, we need to see some creative financing. Say two years from now, insurance goes down. We have had no written response to the new report by the BGR. Mr. Chatelain stated that now Domain Cos. needs to close their deal next Thursday. He doesn't want to kill the deal but would like to get together on the language.

Mr. Schwartz stated that he has been responding and provided back up studies, everything requested and more. We have done everything we can to make this deal work. There is a 2008 deadline and other deadlines they have to meet. Over the last year and a half they have been fighting to make this deal work. We're eager to provide any requested information.

Mr. Thorns then stated that at the end of this conversation, we will be asked to make a decision, likened to the \$150 surcharge in the utility bill because not enough people in New Orleans. This is a hard decision. For those who criticize when it comes down to getting the City back on the road and carrying the load, the process didn't start with IDB. There are other commitments larger - IDB miniscule but essential. Construction or operating costs? Everyone has to pay to bring this city back. Do we debate over \$30M in tax credits to tear down or do we stimulate growth. All must be considered and not focusing on dollar in property taxes over a period of time. What we must look and what we're being asked. Mr. Wilson added that he sees \$30M as a benefit in terms of housing and employment and there are lot of ancillary benefits - local business participation, jobs and housing.

Mr. Thorns asked if there were any other questions and requested a motion to approve the recommendations of the Committee on the Domain projects and for final approval of the PILOT at 15 ½ years – all three projects being given approval together.

Ms. Susan Good asked if a substitute motion could be offered, stating that we are all investors – City, State and Federal. As an individual, she is concerned about benefits received by the developer/applicant later, in the future and asked, “What if benefits begin in 7 ½ years, how does the City fair? She stated that she was not feeling comfortable with the City’s risk. What is the difference of 15 or 20 year PILOT and stated that she was sorry that time constraints confront us. We have responsibility for those who come after us. Mr. Wilson interjected that the flip side of this is that there is nothing on the site.

Mr. Thorns asked what would the substitute consist and asked if the matter should be tabled until the IDB got more figures. Mr. Alford stated that the IDB is being asked to defray operating costs. What business wouldn’t like to see a mechanism that would help them if things are not going well? The City should share in the benefits of any project they provide any incentive to. Mr. Thorns then asked Mr. Schwartz if there was any flexibility in the pro forma to adjust every five years. Mr. Schwartz responded stating as long as from lenders perspective it doesn’t automatically chime in at any time and that he then is not opposed to working it out. At this point, Mr. Thorns looked to bond counsel, Ray Cornelius and asked for consultation, stating the Board would like the opportunity to be protected.

Mr. Cornelius advised that the Board has flexibility. The law says it may do PILOT or change administrative fees, working out any kind of arrangement. It can have the PILOT reduction based on performance; can tie in operating gains – the language can be created for these suggestions. PILOTs never work the same for every project. This Board has a tough job. The City Council’s support of the project indicates that the City Council would like to have final approval passed. If you talk to an economist, you should never give away incentives. As long as New Orleans is different, different methods must be used. The IDB is the last stop but someone has to make the decision. Yes, in answer to the question, the IDB can come up with whatever scenario PILOT to escalate up or down.

Mr. Wayne Neveu asked to be heard. Each project the CDBG fund is a pay back, non-recourse loan. Surplus cash is available by State. Simple formula, CDBG grant is a pay back and it is in the interest of the City to tie in on surplus cash and require review of operating performance. There are mechanisms that can be tapped. Mr. Chatelain then stated that worse case scenario is to the approval is tied into operating performance. The IDB can require an independent audit as it has done with other projects. Mr. Never stated the PILOT can go 15 – 15 ½ years, the credit period allows for a 6-month period and the

city can share in the upside. Mr. Chatelain suggested that the IDB should have option to pick its own auditor at the client's expense should same be required.

Mr. Cornelius was asked to help with proposing the motion at 15 ½ years. With assistance of Wayne Neveu, Mr. Cornelius would work out formula to provide increase in PILOT, tied to operating performance. Mr. Neveu asked if operating performance and improvements allocated would be on percentage basis – 25, 50, 75, 100% to assist in creating the language. Mr. Cornelius added, including net cash flow tracking up to assessed value, net cash flow of 100% paid to the City up to amount of taxes. Mr. Thorns assuring that he understood, stated the Motion would be for approval of a 15 ½ year ad valorem tax break, paying current taxes to the extent that their base line cash flow is executed each year at 100% of that amount that goes to determine by audit and consultants. Mrs. Good agreed that it should be a percentage and not any dollar amount. Mr. Chatelain stated that the City would participate in all excess cash. Mr. Cornelius stated that in paying a shorter PILOT, 15 ½ years, the company will be looked at each year, using increases to pay property taxes that would have been paid for 15 ½ years.

Mr. Alford stated that he was not comfortable with doing vote in two parts. Mr. Schwartz stated that the incentive for the developer and the proposal by the Board is no different from other PILOTS in other cities. Mrs. Good stated that her thinking is that if in five years Mr. Schwartz and his investors are do “good”, with 100% of the net or 50% that is what the PILOT will be. Looking beyond that, say 5 – 7 years, at the risk and you're doing well and expenses are down and you can afford it, then the City should take part in those benefits at which point Mr. Schwartz replied, “If that's what the Board feels”.

Mr. Cornelius confirmed with the Board the shortened period of the PILOT to 15 ½ years and stated that using the net increase to pay property taxes that would have been paid for 15 ½ years. Mr. Neveu stated that if this works, there will be no excess fees since the developer takes 25%, and there will be no pay back until all property taxes are paid. Mr. Cornelius stated that the Board should also bear in mind that taxes are paid once a year and asked what to do about the ½ year, when 15<sup>th</sup> year comes along, apply for the rest of the 6 months? Mr. Thorns then reminded the Board that taxes are determined in arrears.

A new motion was placed in accordance with the recommended language of Mr. Cornelius and same was seconded by Mrs. Jones Harris.

The floor was then opened for more discussion. Mr. Chatelain suggested that language included lease market value to avoid inflation. A roll was taken and the vote passed unanimously to accept the recommendation of the Ad Valorem/Cost Benefit Analysis Review Committee and grant final approval of the bond with the PILOT language to be

subsequently worked on by bond counsel for a 15 ½ year PILOT with claw back. Mr. Cornelius will provide the Board with a copy Lease/Final document of the language.

Mr. Thorns then stated that the Domain Cos. project must bring economic development to the City from construction management, to materials purchased, labor all of which should be a part of the agreement to be worked on by bond counsel; that the Board expects a mechanism to be in place to ensure the benefits are gained; that the Board is not interested in those businesses used located out of town; and that the Board expects the Domain Cos. to deliver. Mr. Schwartz stated that the local contractor is Gibbs Construction. Again, Mr. Thorns reiterated the company must be in the tax base of the City of New Orleans. Mr. Schwartz interjected that the majority of the contracts are from New Orleans; even the framing is La. Based; the manager is HRI; the designer is local. Mr. Thorns then stated that this relationship relies on the Domain Cos'. delivery of the benefits to the City – the IDB Board is not interested in B. R. – only New Orleans.

### **CARROLLTON REVITALIZATION**

Mr. Wilson was given the floor to present the Cost Benefit Analysis Review Committee's presentation and subsequent recommendation of the Carrollton Revitalization. He opened with stating that if this application had come before Hurricane Katrina, it may not have been approved. As brought out in the analysis, the applicants are looking for a 20 year PILOT; the project has its benefits and the benefits are not all negative. The analysis shows that if the PILOT is not granted some other type of business may develop there within the next five (5) years and, the project could possibly move forward without the PILOT. It is the Committee's opinion, Mr. Wilson, that this project which is located in an area where a drug store could make life easier. He then opened the floor to Dr. Oakland who explained that the analysis was modified to reflect a 9-year PILOT and is around \$800M project. The City agencies would break even. Employment would create potentially 19 new jobs and generate taxes in the neighborhood of \$1.9M over thirty years and recurring. He stated that the report reflects, and it is worth mentioning, that the Walgreens fall under what is called a "tertiary" economic development and is a result of the regions economy not a contributor. The exception, however, is that our present circumstances could improve the quality of life and spur economic development. He stated that he was skeptical that a drug store would make such a difference and that there probably would be a drug store there although the Earhard drug store is not re-opening in the area. Short term, a lot of Walgreen's sales come at the expense of other drug stores in the area and at best, the Walgreen's store could spur economic development. The construction is the big bang.

Mr. Berger asked to be recognized and interjected that there is a net positive benefit and felt he was only compelled to reply to the report. With all due respect, he took exception

to, not the numbers, but to the scenario provided in the report regarding the neighborhood. He suggested that a drive through the neighborhood be taken with particular attention to the area behind the store where there are many trailers; the neighborhood is in rough shape. While technically, the Walgreen's would be a tertiary economic development; and that while Robert's is not a subject in the report, Walgreen's would not be tertiary to the people in the neighborhood. Robert's is cranking. Walgreen's is in control of the site for the next 70 years. Mr. Berger stated that they are able to re-work to include Robert's agreement with Dr. Oakland. This would show that something would be there at the site. But Walgreen's has controlling interest and that the Walgreen's and Robert's are a package economically speaking.

Finally, he stated, clearly there is a need for the IDB to work within parameters and as a New Orleanian who wishes to put dollars in the community, \$7.9M, to do tax exempt financing, and he wishes to use as much of the \$7.9M for New Orleans stating that dollars and credits are needed here in the City – let's get employment.

Mr. Chatelain asked for confirmation whether Walgreen's was the owner or the lessee. Mr. Berger advised that Walgreen's has a 75-year lease and that Carrollton Revitalization is the developer and lessor and will sub lease to Walgreen's. Mr. Alford then asked for the floor and gave compliment on the cost benefit analysis, stating that it reflects a bigger picture showing that someone got in a car and drove around to see how many pharmacies were in the area. PILOTs should be fair. There is also the issue of competition. The IDB doesn't do retail, but how many other businesses are at a competitive disadvantage. Many factors should be considered. Look at the GO Zone bond advantage.

Mr. Thorns then emphasized that the rules have changed since August 29, 2005 in terms of how the IDB deals with applications. He agreed that we should not be in the business of granting competitive disadvantage or advantage. We need to rebuild this City. If assessors were to go out now someone would take a hit. But in rebuilding with churches and stores, etc., the quality of life should be appreciated. We must also consider how to make things work to get back where we were prior to Katrina. I'm in the mode of wanting to rebuilding New Orleans.

Mr. Wilson said that he disagreed with one thing – somebody gets a competitive edge and that we are giving a competitive edge. Can we correct this? Mr. Thorns said this is not an easy job. It requires brain power, guts; we must deal with what is important. What can we do? In this City, retail gets away from New Orleans. New Orleans has no retail activity. At this time, Mr. Berger stated there is one real distinction – access capital – new projects can take advantage of tax exempt projects and he agreed that the report was thorough.

Mr. Chatelain then asked if the lease Walgreen entered into is because of [this] project and if the return on lease is 7.5% factoring in tax relief. Mr. Berger advised that the project has been fully assessed at \$130K/current taxes at \$30K.

Dr. Oakland stated that on the other hand, the Canal Place III project creates new money. Mr. Wilson said he agreed but that the IDB's business is the spur economic development and the role of the Board is to spur economic development. Initially, the applicant was requesting a 20-year PILOT and the Committee could not see that.

Motion was offered to approve the Committee's request for approval of the cost benefit analysis by Tyrone Wilson and same was seconded by Ms. Glenda Jones Harris.

At this point, Mrs. Good asked to be recused from voting. Mr. Cornelius advised that there may be an ethics problem – monetary – and that you can't protect yourself so Mrs. Good wishes to recuse herself because of a financial interest. She went on to state that when you complete the application to be on the board, the application asks if you are an acquaintance. Mr. Cornelius advised that she still can recuse herself.

Mr. Hootsell stated that it is uncomfortable to know how we make distinction. At some point, we will have to make decision on rules of engagement. Where do we draw the line? It is unfair to a developer to say at 11:59 just before closing there is a question. Mr. Wilson interjected that our process is flawed but that deals are based on merits and that is where the line is drawn. Mr. Chatelain echoed that the Board will not be able to make one set of rules for all applications. This site is in a bad area. Is Walgreen's poor enough to walk away? Mr. Wilson stated that that is not the question.

Mr. Thorns stated the process has never been so complex. Advantage or disadvantage? We must deal with what comes before this Board. The process is evolving; it will continue to evolve. The first job Raley got when he came to the Board was chairing the Policy Committee and this committee will aid in evolving the process. We must, however, deal with issues. There is no "one size fits all". We must deal with rebuilding New Orleans. He stated that he agreed with Mr. Berger's description that a grocery and a pharmacy are needed in the neighborhood - he knows the area very well.

At this time, Mr. Todd Francis advised that he knows the area and the area did, in fact, get hit hard, the area behind the site, the residential area, is derelict. He is familiar with the neighborhood. In working with the La. Economic Development Committee, they are seeking to spur economic development. There is a gap between fiduciary responsibility and stewardship of the city's assets. It is a long-term process.

Mr. Chatelain then added that the Rally's on the corner of Earhard and Carrollton is the highest grossing in the country and so is the McDonald's in that area.

A motion to give final approval of the Walgreen's (Carrollton Revitalization, LLC) was offered by Tyrone Wilson and seconded by Glenda Jones Harris. A roll call was held and the motion passed by a simple majority in favor of the grant for final approval.

The applicant was congratulated.

### **HANO**

Mr. Thorns advised the Board that HANO is on the Board with request to increase in bond request. HANO's initial request was for \$1M in bonds. Bond counsel, Ray Cornelius, had issues with this amount for all ten projects. Mr. Thorns advised that Mr. Neveu has come back to the Board seeking to discard the previous request and has a request for an increased amount of bonds not to exceed \$35M, equivalent to the first hard mortgage. Mr. Neveu pointed out that affordable housing in the environment capitalizes on subsidies and low income tax with tax credits. Financing with loan income tax credits is affordable and allows flexibility after cross with market units and that this will now allow them to go forward to State Bond Commission. Both he and Mr. Thorns advised that this is revitalization of the housing units. This represents some \$200M, permanent costs. Total development cost is \$225K.

Mr. Thorns stated that IDB has the authority to deal with PILOTs spurring economic development, using tax base, to the benefit of the City. We must look for long-term economic benefit to the City of New Orleans. He then asked Mr. Neveu to explain how the IDB is ensured that the citizens of New Orleans benefit from more than just housing specifically asking about jobs, merchandize, construction cost, working around procurement restrictions.

Mr. Alford then asked if the preliminary approval could be modified. He then offered a motion to amend the amount requested by HANO to \$35M and same was seconded by S. Ault Hootsell. A roll was taken and the vote passed unanimously.

### **HOME DEPOT**

Mr. Cornelius apologized to the Board for the late notice on the groundbreaking of the Home Depot which took place Monday. He further advised that the problem with Home Depot and Film Factory is that they are trying to work out new market tax credits. Final documents, therefore, have not been completed as of yet. Mr. Alford stated that in November when they [Home Depot] came, they had to have closing by the Friday and now they have their approvals but no final documents.

### **FILM FACTORY**

Mr. Cornelius advised that the same situation exists here with the Film Factory as with the Home Depot and it is complicated. The equity in tax credit, new market tax credits etc. are all a part of the complicity. The documents have been taken over by QTech because of the complicity. Again, we are at someone else's beckon call.

### **AUDIT 2006**

Mr. Thorns provided a letter of engagement prepared by Bruno & Tervalon for preparation of an annual audit with a cost of \$5K. Mr. Thorns advised that the IDB now has an in-house accounting system and the cost will stay at \$5K.

A motion to approve the engagement of Bruno and Tervalon was offered by Mr. Wilson and seconded by Mrs. Jones Harris.

Mr. Alford stated that he wanted to see backup in the letter of engagement that is what services will be provided for this cost. He stated that the back up previously submitted for work done on the 2005 audit left a lot to be desired, and suggested that perhaps we needed to get a proposal and further asked how do you justify \$5K for an audit which he thought was not thorough enough. Mr. Chatelain said he believed in paying for work that is done and not with inflated costs and that \$5K was not excessive; that an audit of the IDB should not exceed \$7K. Discussion was held and Mr. Alford stated that he would like to see in writing what was being offered to cover the costs of the services being provided. He would like a more detailed statement of the time and services to be provided. Mr. Thorns stated that a letter would be sent asking Bruno and Tervalon to provide more detail for the services to be provided and will send it to the Budget and Financial committee for review.

The previous motion was withdrawn until receipt of the letter describing said services.

### **Bureau of Governmental Research**

Mr. Thorns then welcomed and introduced Ms. Janet Howard of the Bureau of Governmental Research. She wasn't aware that she would be on the agenda but went on to advise that the BGR issued a report last week as relate to affordable housing - all housing - including residential and the problem here is with the developer and construction and insurance costs all having gone up, whether you're a home owner doing repair, etc. The City's tax base shows that 65% of its homeowners are not paying

property taxes and 35% of its homeowners are paying property taxes. As we go along with residential development and as you bring people back to the city, you bring certain costs back. Property taxes are an integral part of the city's tax base which the IDB deals with. When dealing with housing, you have to cover construction and operating costs. In affect when you deal with abatement you offer to off set some else's operating costs.

We are concerned about that and the whole tax base. With most of the property in the City being either under homestead exemption, or non-profit with 65% of the city's and so many property owners off the tax base - 35% of the citizens are left paying taxes. As you go forward you don't rebuild the tax base you make a bigger and bigger burden on those who wish to stay here. She provided stats on housing – affordable housing – and advised no one able to do affordable housing unless they re forgiven future taxes. We're looking at some 72 projects with just GO Zone Bonds. These things affect the services of the city. If you look at the 31 projects just approved in the last round of GO Zone bonds, it is estimated that you are looking at bringing back 15,000 residents with no growth in the city. What are the rules? How will you fund the city services to accommodate this growth? Our concern is not a particular project - it is how the City is going to pay for the services that are going to be provided going forward. She emphasized that today one of the projects had a negative impact. She brought copies of the report and wanted to thank both Mr. Thorns and Ms. Martin for their assistance in helping them get certain details of the report together.

Mr. Thorns thanked Ms. Howard and went on to say that the IDB is a public body that deals with the greater good of the City – not in sectors or sections but the city as a whole – we're not in a vacuum. He reiterated that at no time does the IDB remove taxes that are existing – they stay where they are – they go nowhere. Secondly, he stated that if we do nothing, we go nowhere and then there is no need for police, etc. He understands that the issue is cutting edge, different, debatable but the City has to be involved in bringing back the City. We could take the position to sit back and wait to see what happens. The stated further in connection with the BGR report that if you have suggestions on how we can improve our procedures we are glad to hear them. Raley Alford is chair on the Policy and Procedure Committee and will be glad to listen to your suggestions and work them in where fitting. Ms. Howard said she had offered her services before but never received a request. Mr. Thorns stated that she is now being asked to assist the Committee. Ms. Howard stated that she stands ready to help in drafting policy and procedures.

### **SECRETARY-TREASURER**

The floor was opened for nomination of a Secretary Treasurer. Mr. Chatelain nominated S. Ault Hootsell III and by motion of Mr. Chatelain, seconded by Dave Thompson, Mr. Hootsell was nominated as the new Secretary Treasurer. The vote passed unanimously, naming Mr. Hootsell as the new Secretary Treasurer.

## **OTHER BUSINESS**

### **Mayor's Task Force**

Mr. Thorns informed the Board that he has been selected to serve on the Mayor's Task Force with regard to the future of the Port of Embarkation, representing the IDB. The Port of N. O. will serve as a parking garage for cruise ship terminal. There has only been one meeting so far. He will keep the Board posted.

### **Panama Trade Mission**

Mr. Thorns advised that he participated in and went on the trade mission with the La. Dept. of Economic Development. He stated that New Orleans and Panama have a lot in common. There was a lot of activity there with new developments and construction. He also learned that many LSU graduates are working there. There are some opportunities for New Orleans with Latin and Central America. Miami has a stronghold on this market right now but it is almost ruinous. We, New Orleans, needs to see how we can compete or look at their overflow as a gateway to 38 other states via the Port of New Orleans. I visited the Panama Canal while there and saw where smaller ships go through the canal en route to Asia with deliveries. There is lots of business going on and they are very busy. The difference he saw is we [New Orleans] are not working towards rebuilding our economy as they are. He was asked if he met with any of the business people there. Mr. Thorns advised that he met with various and sundry business people; sat in on several sessions; and, further advised that the Port of New Orleans may have some activity with Panama and the Latin and Central countries. The owner of the hotel where they stayed is interested in perhaps coming to New Orleans with a hotel idea.

The next issue of business was addressed by Mr. Wilson who that the IDB needed to acquire staff or a third party with bringing projects to the Board especially in interpreting the projects and their validity and need. He further suggested a Saturday retreat for board members, especially new members, would be in order. Perhaps the membership could come together to refine the process and contribute to creating the structure we don't have. Mr. Thorns asked if we could wait and stated that today was the first time a good group came together and echoed on the fact that a retreat is needed and asked to be given a month to look at it. Mr. Wilson stated that two months would be too long and that it needs to be done sooner.

Mr. Chatelain took the floor and commented that since being on the Board he has always been honest but that votes today seem to have been along racial lines, in particular, Walgreen's. He wished not have racial lines come in and wished to continue to be opened about voicing opinions and thoughts. Mr. Thorns stated that he did not see

anything racial and did not get that feeling. He felt that decisions were made along the lines of the merit the project brought to the table and stated that for the record he did not see any racial motivations.

Mrs. Good stated that the IDB needs help - models from other cities. She doesn't know enough and has been investigating on how city councils are seen in other cities that are furthering their economic development – go to them.

Mrs. Jones Harris stated that she has had an opportunity to sit. Mrs. Good said they are basically policy issues; that we don't have to reinvent the wheel. Mr. Thorns stated that this was a good topic to be added to list of items to be discussed at the retreat. Mr. Alford stated that if we get a budget together we can see our operations. When he did his research he pulled information on St. Tammany Parish.

Mr. Thorns then asked for a motion to adjourn. Mrs. Good placed a motion for adjournment and it was seconded by Mr. Hootsell.

The meeting ended at 3:42PM



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

**JUNE 19, 2007  
10<sup>TH</sup> FLOOR CONF. ROOM – 1340 POYDRAS STREET**

**Attendees:**

W. Raley Alford III  
Farrell J. Chatelain, Jr.  
James Paul Johnson  
Jimmie Thorns, Jr.

Torey Bullock  
Susan P. Good  
C. David Thompson  
Tyrone A. Wilson

**Absent:**

Glenda Jones-Harris  
Ernest Legier, Jr.

S. Ault Hootsell III  
Nina Hebert Marchand

O. Ray Cornelius, Bond Council-Adams & Reese  
Sharon Martin, IDB Admin. Consultant

**Guests:**

Carliss Knesel-Hancock Bank  
Tom Crumley-Woodward Int.  
Stephen Stuart-BGR  
Stanely C. Smith  
Trey Langus-HRI  
Paul Simoneaux-Elkins PLC  
Amy Enchelmeyer-Arnie Fielknow  
Steven Hattier-Morgan, Keegan  
Toni Weiss-Metro Source  
Bruce Egger-Times-Picayune

Paul Flower-Woodward Int. LLC  
Emily Ostuw-Woodward Int.  
LaSwanda Green-Downtown Dev. Dist.  
Wayne J. Neveu-Bond Council  
Josh Collen-HRI  
Emily Deninger-Arnie Fielkow' Ofc.  
William Ball-Josephine Lofts  
Mont Burlingame-Josephine Lofts  
Ernest Gethers-City of New Orleans

The meeting was called to order at 12:32 PM by the President. A roll was taken, 8 members were present constituting a quorum. An introduction of all guests was had and the record reflects same. The President then welcomed all to the June meeting of the Industrial Development Board. A motion to accept the minutes of the May 08, 2007 meeting was offered by Mr. Tyrone Wilson and same was seconded by Mr. Torey Bullock.

1026 CONSTANCE d/b/a NINE27 APTS.

The first matter on the agenda was the presentation of the application submitted by 1026 Constance, LLC d/b/a Nine27 Apartments. The floor was given to its representative, Mrs. Tara Carter Hernandez. She provided an explanation of the type of project, location and market need of such a facility. She advised further that the proposed 5-story building with 76 mixed-income residential units, 60 ground floor parking was awarded low-income tax credits by the LHFA and that the applicant was seeking to secure bonding and a PILOT from the Industrial Development Board. Mrs. Hernandez further stated that in post-Katrina market, costs have gone up 50%, including the cost of insurance. She is familiar that with HUD policy and procedure which states that you are not allowed to recover any of your expenses in rents thus the allowance of low income tax credits.

Mr. Alford noted that the application sought \$100K in bonds with a PILOT request and stated that the applicant could borrow this amount commercially. Mrs. Hernandez stated that in addition to the proposal being affordable, the cost of issuance is prohibitive, thus the reason for asking for a smaller bond amount. She further advised that the lender did an analysis on the effect of an increase in the project costs would equal in interest rate. It was then asked what this project would do for the City. Mrs. Hernandez responded firstly that it would provide much needed housing (a diversity of housing); construction jobs, it brings diversity to the community, businesses need access to talent and labor that can afford affordable housing and that the project will have lots of green building added for efficiency.

After discussion on the necessity of benefits to the City outweighing the costs to the City; market rate rents and discussions pertaining to the request for \$100K in bonds with bond council weighing in on the issues, and the issue of an Attorney General opinion on such bond amount, Mr. Cornelius recommended approval of an amount equal to project amount pending opinion of the Attorney General. Mr. Cornelius further advised that the applicant does not need bond issue to access GO Zone bonds. He further stated and reminded the board that the City, through the City Council, essentially supported housing through the HANO projects, asking the IDB for its support of that project but the Board took concern with the request for bonding because it was far less than the project amount. HANO subsequently came back to the Board and amended its request. Mrs. Hernandez was then asked by Mr. Wilson if they had talked with the City Councilman for the district. She advised that Mrs. Head was out of state but they are fully aware of the requests and stated that she would provide more information.

A few board members stated they understood the need to move forward and while not being cynical stated that the fundamental issue is many municipalities and stated that if had to come to vote they would vote against. Mr. Chatelain suggested that the matter be

moved forward preliminarily and that there is a problem. He stated that he saw a need to talk with the City Council and that he did have reservation.

A motion was then offered by Mr. Chatelain and seconded by Mr. Wilson to grant preliminary approval to the 1026 Constance project subject to issue of \$100K in bond financing. A vote was taken with 8 yeas with the vote passing unanimously.

Mr. Alford then interjected that there is a need to review the legality of the issue and that the Board needs to see follow through as Mr. Cornelius indicated regarding the attendant legal issue of the request of \$100K in bonds. Mr. Thorns then stated in moving forward Mrs. Hernandez should submit a time line and be ready to engage in the cost/benefit analysis, meanwhile clearing the hurdle on the legal issue; they must come back through Ms. Martin and that they should be receiving a letter delineating these requirements. Mrs. Hernandez stated that a preliminary time line was included in the application.

#### JOSEPHINE LOFTS, LLC

Mr. William Ball was given the floor as representative of the Josephine Lofts, LLC. Mr. Ball provided a general overview of the project. He then turned the presentation over to Mr. Steven Hattier who advised that the project being proposed includes a 1.6 acre tract land and is the former site of the former Glidden Paint Co. on Jackson and Tchoupitoulas. The project will consist of 4 free standing buildings, 3 of which will be residential and retail with 104 residential units with gated parking. Mr. Thorns asked if there were any condominiums to which Mr. Ball replied that all were apartment rental-48 units on first floor with retail rental. He further advised that this corner is a part of the River Front Plan set by the City and that the total cost of the project is \$27M. He stated that the project could not work without the PILOT as an incentive. He further advised that 4K square feet was retail space. The floor was then opened for questions.

Mr. Wilson asked the market rate per square foot to which Mr. Ball responded \$160 and that the average square footage of the apartments are 1,000 square feet. Mr. Burlingame then interjected that he has been working with Mr. Ball on the project and that the development fits right in with the Riverfront Development Plan-long term; further advising that this particular parcel has been blighted for quite some time – buildings falling down - and that hopefully this project will serve as an incubator for both housing and business in the neighborhood.

After discussion, a motion to grant preliminary approval for the Josephine Lofts, LLC application was offered by Mrs. Susan Good and seconded by Mr. W. Raley Alford. A vote was taken with 8 yeas and the vote passed unanimously.

Mr. Thorns congratulated the applicant and advised that a letter would be forthcoming.

### COST BENEFIT ANALYSIS COMMITTEE

Mr. Wilson was given the floor as chair of the Cost/Benefit Analysis Review-Ad Valorem Committee. He advised that he received the revised cost benefit analysis of the 521 Tchoupitoulas project the evening before and had not had a chance to review the changes but would allow Ms. Toni Weiss, the economist, to present new information.

Ms. Weiss presented a general overview advising that the application seeks to develop 24 new rooms at the current Staybridge Hotel, adding 67 parking spaces which the hotel currently does not have. Current property taxes bring in \$4K a year and that the former tenant of the building was the Historic New Orleans Collection which was a non-profit entity. She advised that the project would reap \$1.63M over the proposed 15-year PILOT period and \$6.3M over the life of the project. The project included 35 construction jobs, 18 new jobs, and additional tourist spending. The project had 22 investors 18 of which are from New Orleans; that the applicant is proposing PILOT payments as follows: from year 1 through 5 - \$20K; from year 6 through 10 - \$30K; from year 11 through 15 - \$40K, and at year 16 the property would be assessed at full taxation. The Committee voted 2:1 at its meeting with the provision that the City shares in any gains. There is no doubt that this project would survive without a PILOT. Mrs. Weiss advised that the construction costs are up and that currently occupancy is down. Mr. Crumley advised that figures given to Mrs. Weiss were best hope and that the project still provides a \$451K net fiscal benefit to the City and stated that without the PILOT, they would not meet debt service.

After discussions held, Mr. Alford advised that the threshold issue is that the Board has not had sufficient time to review the newly revised Cost/Benefit Analysis with Mr. Wilson agreeing that time is needed to review same and preferred to defer until next board meeting.

Mr. Crumley was offered the floor. He stated that the applicant has done all it could and provided new numbers as well. Not sure of the process but that he has met with everyone and that all approvals have now been done; they have signed construction contract and now is the issue of real dollars. Their hard costs have gone up \$400K because of insurance and now the project is \$1.7M higher in development costs. He also advised that a market study done and occupancy could be 80%.

Mr. Thorns stated that he sees a time line issue here. Mr. Crumley asked how the specifics of the PILOT are created and Mr. Thorns explained same but stressed that the PILOT specifications are generated from the Cost/Benefit Analysis recommendations of the Committee and the Committee has not had the opportunity to review the new numbers, after which the Board approves or does not approve. The PILOT he explained

will also include all “claw back” provisions and possible audit to insure benefits are delivered. All incentive, too, are taken into account.

The final decision was that the Board come back at a later date to meeting and discuss the finding of the cost/benefit analysis based on the new numbers.

### RIVER GARDEN CS II

Mr. Thorns provided the Board with some background information on the River Garden CSII (St. Thomas) project and offered the floor to Mrs. Tara Carter Hernandez. She advised that the Board gave initial approval on the Wal-Mart, Multi-Family housing facility for a total of \$172M in phases. The first bond issue was in the amount of \$29M, a cost/benefit analysis was done. Of that \$29M, they have used \$23.5M and are not seeking the get approval on the balance to use for the next phase of the project which is approximately \$5M.

Mr. Thorns asked if there were any questions and stated that he understands that this project precedes many of the current board members. Mr. Alford then asked what was needed from the Board at which Mr. Thorns responded “ratification”

Mr. Tyrone Wilson then motioned for “ratification” of the Board initial approval of the \$29M for Phase I of the River Garden CS II project to allow for the remaining balance to be given to the applicant to begin Phase II of the River Garden project. Same was seconded by Farrell Chatelaine. A vote was taken wherein there were 7 yeas and no “nays”. The vote passed unanimously.

Mrs. Hernandez advised that the first phase was completed in July 2005. Now elderly housing phase under construction and scheduled for completion December 2007. This phase includes home buyers (affordable) to be completed in 2009. There will be 37 units of affordable housing.

### HOME DEPOT

Mr. Cornelius advised that he recently received a call from Howell Crosby advising that they are ready to move forward.

### FILM FACTORY

Mr. Cornelius advised that in light of the current investigation on this issue, this matter is not likely to move forward.

### CARROLLTON REVITALIZATION

Mr. Cornelius advised that they are still working on this matter. They have completed the resolution to ratify the PILOT. He further advised that Mr. Paul Simoneaux spoke with the Bergers and they are comfortable with the language, including the claw backs which include the stipulation for 45 employees. There was a question raised as to whether or not the audit language was included for compliance. Mr. Cornelius advised that the trustees should be monitoring and should be reflected in the annual report. Mr. Thorns asked if the 45 employees was an average annually. Mr. Simoneaux suggested a simple change in the second paragraph, stating that the audit could be included in and covered by the entire provision to ensure the separate audit compliance. Mr. Alford then stated that there was no reason to have the language in advance of the meeting and that it would be helpful to have the documents. Mr. Thorns stated unequivocally that Sharon should add nothing to the agenda on which the Board has not had reasonable time to review.

Mr. Cornelius stated that he would appreciate having the claw backs which are to be included in the PILOT agreement in advance of the meeting so as to include the claw backs in the PILOT agreement so as to work out language in advance. Mr. Thorns stated that we must improve on getting information and state that the IDB's request for time line helps in getting information. Mr. Cornelius stated that the IDB's time line is controllable while the client's is different.

A motion to ratify the PILOT agreement for Carrollton Revitalization was offered by Torey Bullock and seconded by W. Raley Alford III. A roll was taken and the vote passed 7 to 0 – unanimous.

### 750 JEFF DAVIS (DOMAIN COMPANIES)

Mr. Cornelius informed the board that two of the three projects (Preserve New Orleans and Crescent Club New Orleans) have been delivered. 750 Jeff Davis is move along.

### 930 POYDRAS, LLC

Mr. Cornelius advised that nothing specific has taken place on this project as of this date. The Cost/Benefit Analysis has been completed, waiting for Committee to review.

### HANO

Mr. Neveu advised that the cost/benefit analyses are being worked and information being passed on to Metro Source. The Metro Source representative advised that there are a total of 10 projects for HANO; the CBA's will not be completed by the July meeting and they are pushing for the beginning of August for completion. Mr. Neveu advised that August could work.

### POLICY AND PROCEDURE

Mr. Alford took the floor as chair of this committee and advised that he was passing out some ideas on the handling of the cost/benefit analyses. Same as distributed to the Board. The other issue he addressed was compensation for the production of the cost/benefit analysis. Mr. Thorns then stated that contracts for the production of a cost/ benefit analysis is a three-legged entity, signed by the Board, the consultant and the developer. That this practice has been in place and is one in which the Board is protected as the developer pays for the work performed. He further advised that this is an evolving situation and that the amount of work has increased. The Board's protection is always considered but such a contract is already in place.

Mr. Alford advised that in terms of the analyses, Metro should look at not only the numbers provided by the developer but also say what is good and what is not and determine if the numbers given by the developers are good or not. Mr. Alford stated that the most recent report did not have this included. Mr. Thorns advised that the Board determines what is to be included in the analysis with the authority to change the format and substance, hard and fast, speculated; there is no problem is adjusting these factors. Mr. Thorns then stated that an effort is underway to develop a retreat in which he hopes there will be a rigorous exchange of ideas for many facets of the business the IDB conducts including the cost/benefit analyses.

Mrs. Good then interject that the only problem she sees since being on the board is there have never been any financials produced and that she feels very uncomfortable and would certainly like to have this issue as part of the policy and procedure agenda. Mr. Thorns then advised that the IDB is looking for an accountant to deal with daily activity. Mr. Wilson that his comments tie in with what Raley addressed. Mr. Wilson believes

that the IDB needs to hire someone to review and monitor the cost/benefit analyses; that the CBA's are sufficient on which to make decisions on their merit; that Metro takes the numbers given by the developer; that a third party's verification is needed and should monitor the matter to the end. He then asked to have another issued rectified, stating that Ms. Martin should not be coming out of her pocket to pay for IDB expenses. Mr. Thorns stated that he, too, believes the back end should be monitored, ensuring that deliverables are delivered and he reminded the Board that some of these same issues are to be reported to the City Council in September. He then advised that the City is asking for information and that Sharon is get with Mr. Calvin Aguillard to provide him with information that the IDB has control over.

The next issue of business was the Audit and the letter from the Auditor. A copy was presented to each Board member. Mr. Alford moved to have this matter deferred to the Budget Committee for review and report. The motion was seconded by Mr. Thompson.

A motion to adjourn the meeting was offered. The meeting adjourned at 2:30 PM.

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Secretary Treasurer



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

**JULY 24, 2007  
10<sup>TH</sup> FLOOR CONF. ROOM – 1340 POYDRAS STREET**

Attendees:

W. Raley Alford III	Farrell J. Chatelain, Jr.
Susan P. Good	Glenda Jones Harris
Darrel J. Saizan, Jr.	C. David Thompson
Jimmie Thorns, Jr.	Tyrone A. Wilson

O. Ray Cornelius, Bond Council-Adams & Reese  
Sharon Martin, IDB Admin. Consultant

Absent:

Torey Bullock	S. Ault Hootsell III
Ernest Legier, Jr.	Nina Hebert Marchand
James Paul Johnson	

Guests:

Gilbert Smith, U. S. Raceway Group	Trevor Williams, Metro Source
Carlis Knesel, Hancock Bank	Toni Weiss, Metro Source
Emily Ostuw, 521 Tchoupitoulas	Tom Crumley, 521 Tchoupitoulas
Gordon Russell, Times-Picayune	Ernest Gethers, City of New Orleans
Steven Hattier, Morgan Keegan	Tara Hernandez, 1026 Constance
Wade Rags	LaSwanda Green, Downtown Dev. Dist.
Amy Enchelmeyer, Cnclman Fielkow	Greg Thomas, Times-Picayune
Gregory St. Etienne, FFC Cap. Mgt.	Ciara Bourgeois, Cnclman Fielkow's Ofc.
Creig Brown, Metro Source	Carl Kehoe

The meeting was called to order at 12:38 PM by the President, Mr. Jimmie Thorns, Jr. A roll was taken, 8 members were present constituting a quorum. An introduction of all guests was had and the record reflects same. The President then welcomed all to the June meeting of the Industrial Development Board. A motion to accept the minutes of the

June 19, 2007 meeting was offered by Mr. Tyrone Wilson and same was seconded by Mrs. Glenda Jones Harris.

### 521 TCHOUPITOULAS

The first order of business was presentation of the Cost/Benefit Analysis prepared in connection with the 521 Tchoupitoulas, LLC project. Mr. Thorns advised that Mr. Thomas Crumley was present seeking approval for a tax exempt bond financing with PILOT and clawback. Mr. Crumley advised that he met with the committee and the Metro Source economist, Mrs. Toni Weiss and the final vote of the committee was 3:1 against the granting of the PILOT. Mr. Crumley advised that he left the meeting to talk with Mr. Darren Mire, the assessor the district, regarding the RTA. Mr. Crumley requested of the Board that it consider a PILOT with clawback. He further stated that he would like to move forward with the bond issue keeping the PILOT in consideration, offering a larger PILOT proposal if needed. If there was not chance, wished not to spend more time on the matter.

Mr. Thorns then asked bond counsel, Ray Cornelius, if it was permissible to approve the bonds only and not the PILOT in order to allow the process to continue to move forward. Mr. Cornelius advised that the Board could approve the volume cap on the bonding without the PILOT subject to full taxes and may work out details of the PILOT later in order to allow the process to move forward.

Mr. Crumley advised the Board that the biggest issue that the Cost/Benefit Analysis uses the highest possible tax and it was provided to Metro Source by the assessor at \$150K per year. The worse case according to HNOIC is \$50K per year. He stated that he plans to meet with the assessor but the worse case is that a deal for the bond financing can be worked out without the PILOT and pray for a reasonable response from the assessor.

Mr. Wilson asked Mr. Crumley if he was asking for a deferral. Mr. Cornelius advised that if the Board approves the bond without the PILOT there would be no tax break unless there is a subsequent action. He further advised that if the Board does not approve a reduced tax payment, you will deal with the assessor directly. There would be no reason for the Board to own the property and it will remain in 521 Tchoupitoulas' name.

Discussions were held as to ownership of the property by IDB and tax breaks and the property being owned by the applicant and property tax assessment imposed by the assessor of the district. Mr. Cornelius advised that the Board owned property which caught fire and had insurance; he stated there could be a situation where there is deficient

insurance coverage. There would be a need to protect. In this instance, if there is not PILOT, there would be no reason to own the property.

Mr. Thorns asked Mr. Crumley if he wished the PILOT issue to be tabled? Mr. Crumley requested that the matter be moved forward with approval of the bond financing hoping for a fair assessment by the assessor. They are prepared without the PILOT. Mr. Thorns then requested a motion for approval of the bond issue without the PILOT, leaving open the PILOT issue for a revisit.

Mr. Alford then moved for approval of the bond issue with required PILOT in full amount, with a credit of \$16K for cost of production of the Cost/Benefit Analysis which, he stated was of little utility. Same was seconded by Mr. Thompson.

Discussions were held. Mr. Thorns asked for an understanding of the presented motion, asking if the motion intended for the Board to pay for the Cost/Benefit Analysis prepared in connection with the 521 Tchoupitoulas project. Mr. Alford responded that he thought the applicant went beyond and above in providing information to evaluate the request and the information didn't come from the CBA and thought that the \$16K negotiated for the cost of the CBA should be reimbursed by the IDB.

Mr. Cornelius then interjected, as he stated, a point of information, that the fee to the Board if the PILOT is negotiated would be 1/10 of 1% of the fee. With no PILOT only the \$1100 application fee. There is no source of money.

Mr. Thorns stated that everyone who comes before the Board with a request for bond financing and a PILOT understand that moving forward with a CBA, etc. is non-binding. The IDB never absorbs its costs. Now it seems that if you don't get the bond financing or the PILOT, we pay your expenses. This move enters the IDB into liability. He then asked that the matter be re-thought and asked where the funds would come from.

Mr. Alford advised that in this instance case, the numbers were provided by the developer. He advised that he corresponded with Dr. Oakland and expressed concerns he wished addressed in the analysis but they were not addressed. He stated that he understood the rises and falls of any project but that in this case, Mr. Crumley came back, did additional research and brought his findings back to the Board.

Mr. Crumley advised that he appreciated the thought but thought that it would not set a good precedent. He further stated that these are complicated projects; that he worked directly with the economist. He disagrees with the mechanics and wished he could find direct fault. It's about the market rate taxes and the assessor's projected taxes which is three times those of his competitors. He stated that he would welcome the payment but felt it would set a wrong precedent; unfortunately, he did not convince the Board of the need and the result is fair.

Mr. Thompson then interjected that the point of the motion is that [they] thought Mr. Crumley and his group had done a good job going the extra mile and that it reflects dis-satisfaction with the CBAs; some that needs to be fixed. He further stated that in his business if someone goes above and beyond, maybe they may get a break. To this Mr. Thorns replied that he appreciated the idea.

Mr. Wilson then stated that he understood the motion. He stated that the Board and its processes are going through changes and apologized to Mr. Crumley for having been caught up in the Board's changes. He agreed that Mr. Crumley had gone further to show number and he sees the need for change in the process and the Board policies. He stated further that the CBA wasn't sufficient to make a decision, stating that he asked an outsider to take a look at the CBA and the process. His impression is that Raley's motion is designed to show our process and it didn't work and that he would second the motion.

Mrs. Good then asked if the Board is collection \$2100 in fee and that without a PILOT there would be no fee – no other remuneration - \$1100 application fee and \$1,000 upon delivery of the bond issue.

A motion was then placed to grant final approval, that the application for GO Bonds be pursued, a revision in the agreement for full amount of tax by assessor, plus a credit for essentially \$16K as cost of the CBA, making it a cost the Board. The motion was offered by Mr. Alford and seconded by Mr. Wilson. A vote was taken and the motion passed 4 to 3, 4 yeas and 3 nays:

Alford - Yea	Farrell Chatelain – Yea
Susan P. Good – Nay	Glenda Jones Harris – Nay
David Thompson – Yea	Jimmie Thorns, Jr. – Nay
Tyrone Wilson - Yea	

Mrs. Good asked one more question before proceeding. Is there is finite number for bond dollars? Mr. Cornelius replied that it was not so simple. State law has not restriction and that currently lots of bonds are subject to volume caps. The GO Zone bonds cap are committed already; some adjustments in the systems are underway and they are trying to approve as many as they can. It's a federal tax and bond with lower interest rate. There is none under state law. Under federal law it is the total amount which will be totally tax exempt.

**LAKE FOREST PLAZA, INC., 1031 CANAL, LLC/1615 E. JUDGE PEREZ, LLC;  
BARONNE PARTNERS, LLC; BARONNE STREET PROJECT, LLC, MARKETFARE  
CANAL, LLC AND MARKETFARE ST. CLAUDE, LLC.**

The next orders of business were the applications submitted by: Lake Forest Plaza, Inc., seeking preliminary approval by the Board. Mr. Thorns suggested that since Steven Hattier was presenting all applications that all be heard for preliminary approval by the

board at one time. The Board agreed. Mr. Hattier advised that GO Zone bonds are becoming scarce and as a result he hoped to get preliminary approval by the IDB Board so as to move forward with applying for GO Zone bonds. Mr. Thorns advised Mr. Hattier that the Board would go through each application one at a time.

Mr. Hattier presented first the Lake Forest Plaza, LLC file advising the project would take place in New Orleans East at Lake Forest Plaza and that the project consists of 1.2M square feet of mixed use space.

Next, Mr. Hattier presented the 1031 Canal, LLC/1615 E. Judge Perez, LLC, advising that it, too, will be a mixed use facility with parking and residential units. He also pointed out that the building was the old Woolworth building.

Thirdly, Mr. Hattier presented the Baronne Partners project, advising that it was a rehab project and included some new construction, located on the older NOPSI building site and an adjacent lot.

Fourthly, Mr. Hattier presented the Baronne Street Project, LLC application advising among other facts listed in the application that it was located at 225 Baronne Street and including a building where parking would become available. This, too, was a mixed-use facility.

Finally, he presented the MarketFare Canal and MarketFare St. Claude , advising and reminding the Board that it had granted approval and previously submitted Robert applications and that they were moving along. Those sites were Robert E. Lee and S. Carrollton and So. Claiborne. He asked for approval on these six projects so as to get in queue for GO Zone bonds.

Mr. Thorns then presented to the Board that it heard the presentations on the six proposals and that preliminary approval was being sought. Mr. Thorns advised Mr. Hattier of the requirements of the Board should approval be granted including the requirements for a cost/benefit analysis, timeline and continual communications on the project. He further advised that the IDB does not take responsibility for any costs incurred by the applicant in connection with the production of the cost/benefit analysis and this must be understood. This is done at the applicant's risk. Further, bond counsel advises that such costs may be recouped through the process. He then asked for a motion to grant preliminary approval

A motion was offered by Farrell Chatelain, Jr. and seconded by Mrs. Glenda Jones Harris to grant preliminary approval on all applications presented by Mr. Hattier.

Mr. Thorns asked if there were any questions or comments. Mr. Alford advised that in Item 14 of the application, the applicant is required to submit the cost/benefit analysis but that somewhere it has changed. Mr. Thorns interjected that this is not correct and that if it is in the application, it has to be changed – the Board requests an economist to conduct the CBA and that same is paid for by the applicant.

Mr. Alford then stated that as a result of his experience with the 521 Tchoupitoulas project and others that the developers know their numbers, further stating that the IDB needs an independent cost/benefit analysis and that IDB should be presented with an analysis which tells the IDB if the project is good or not good for the City; and at the very least considers all factors. He stated that the 521 analysis had no analysis which allowed the Board enough information to weigh the project. Others offered their opinions on the handling of the cost/benefit analysis process including Mr. Chatelain's and Mr. Wilson's acknowledgement of the process of the cost/benefit analysis offered by Mr. Thorns.

Mr. Cornelius interjected that the process has evolved and is still evolving and the issue is the potential for pay for the CBA. When discussing and analyzing the ad valorem taxes this is where an independent analysis is necessary. Mr. Thorns then asked Mr. Alford if it would help process of the CBA was done by the developer. Mr. Alford advised that from the front end it would help and that his review of the Lake Forest application, it was all over the place. Mr. Thorns then asked how do we move forward with this process and further asked [the Board] if it wants to receive an application from the applicant showing what the City would receive, modifying the application later. He [Mr. Thorns] stated that he does not agree with this process and that he is only interested in a independent product. How do we move forward?

Mr. Chatelain offered that perhaps we [the Board] should go through the preliminary and require the document [the CBA] in a shorter amount of time to which Mr. Hattier responded that the applicants need these documents before the application goes before the GO Zone commission. Mrs. Good then asked Mr. Hattier to make sure that the print on documents submitted with the application is legible. In the five-year projection in the application was totally illegible and as a result it appeared or seemed that something was being hidden.

Mr. Wilson informed that the Committee is in the process of revamping the CBA and (to Mr. Hattier) that the Board may not always get to you timely in order for you to get the GO Zone bonds. Mr. Hattier responded that his clients were trying to get the applications into the State as soon as possible as the \$8B is almost gone.

Mr. Cornelius stated that the resolution must be looked at again to provide preliminary authority and no other commitment by the Board, making it non-binding.

The motion was then offered by Mr. Chatelain and seconded by Mrs. Glenda Jones Harris that the motion for preliminary approval on all six projects with the stipulations to get numbers to the Board. A vote was taken resulting in 6 yeas, 1 nay and 1 abstention as follows:

Raley Alford – Yea	Farrell Chatelain - Yea
Susan P. Good – Yea	Glenda Jones Harris – Yea
Darrel Saizan – Yea	David Thompson – Abstain
Jimmie Thorns, Jr. – Yea	Tyrone Wilson - Nay

## UPDATES

### Home Depot

Mr. Cornelius advised that he had a conversation with Hal Crosby, counsel for Home Depot, as early as yesterday. They are still working on the new market tax issue. The documents are ready for them to sign. He's waiting on Home Depot.

### Canal Place

Mr. Cornelius advised that there is not a lot of activity in this project. Ms. Martin advised that the CBA has been completed but that the applicant has not given any indication when it plans to go before the State Bond commission. Mr. Cornelius then asked if there was anyone else with info. No other response was made.

### Clio Village

Toni Weiss advised that the CBA was almost completed; that she saw some discrepancies in numbers provided and asked for clarification (numbers were inconsistent). She's waiting for justification.

Mr. Hattie then interposed that with regard to the Canal Place and Clio Village projects, they are moving a bit closer to use the new market tax credits and that there is not a lot of availability. In September, he believes each application should have some credits to be put in the January 2008. This is slowing the process.

### 750 Jeff Davis

Mr. Cornelius advised that he is not sure of hold up on this one and recalled to the Board that the other two projects (Preserve N. O. and Crescent Club N. O.) were completed.

## HANO

Mr. Neveu advised that they are still waiting on CBA negotiations with HUD Central Litigation. They are trying to move this process forward.

## Peltier Gardens

Mr. Hattier advised that there is a budget gap because of increase in insurance and construction costs. They are looking for a rent increase and will have to go to Washington on the matter.

At this point, Mr. Brown of Metro Source asked for the floor wherein he stated that Metro is aware of changes and that Metro was informed to continue with the process until the Board retreat. He reminded the Board that at last month's meeting he informed the Board that it would get to the HANO projects in August with its 10 projects. To this, Mr. Chatelain asked if anyone else can do it. Mr. Neveu stated that as a non-profit offer affordable housing, it should be of highest priority. Mr. Alford then asked if it is done through preliminary approval, getting letter stating that the CBA has been negotiated by the parties.

Mr. Wilson then emphatically stated that what is not being understood is the Committee nor the Board can review 10 cost/benefit analyses in a month. Mr. Neveu stated that HANO expected delivery in August. Mr. Brown then stated that Metro has some projects on the table but that he would go back and rectify, doing time line. Mr. Thorns then stated that the Board understands the increase in demands as a result of its receipt of so many new applications and that the Board will have to modify the process. Mr. Chatelain then stated that the Board can't become inundated with CBA's and that it has to keep moving and informed Metro Source that it has done good work.

## COMMITTEE UPDATES

Mr. Alford advised that at the last Board meeting, he circulated documents and information some issues of which were discussed today, advising that as a Board, we need to come up what we expect in our CBA's. The problem is, he says, is there is no consistency. Firstly, he says we cannot let applications dictate our schedule. As a Board we need to set a schedule on our meeting dates. He stated that he believed that the next Board meeting should not include any new business and deal with Board policy and procedure.

At this point, Mr. Chatelain stated that he would like to interrupt for a moment and stated that he did not think the Board should not consider new projects; that the Board needs to

continue to accept new applications; that we are here to help the City to rebuild and he doesn't want policy and procedure to interfere with the mission. Mr. Wilson interjected that there is still a problem and that the Board will not be able to get through anything. To these statements, Mr. Thompson, interposed his opinion stating that maybe its about definition, stating how do you help the city? His reaction is not for offering tax coffers up to debate. If he is forced to judge based on the numbers of jobs he is not comfortable with the process or the CBA's; they are not meeting the criteria. The Board, he says, is in a difficult situation. Mr. Chatelain then stated that everyone has the best intentions for the City.

Mr. Thorns then advised the Board that the City Council has requested a presentation of the IDB policy and procedures for its September meeting; therefore, we must review this issue at the next board meeting. He then suggested a special Board meeting in August. A priority is reporting to the City Council timely. He stated that thus far the planning for the retreat was not good because of summer schedules. Questions were raised as to time for August meeting with final decision to be determined after a poll taken by Sharon with each Board member.

At this point, Mr. Neveu reminded the Board that bond financing and PILOTs were separate issues; that bond financing can go on separate time line than the PILOT; getting GO Zone bond allocation reduces cap costs independent of PILOT.

Mr. Cornelius informed the Board that the State Bond Commission will be adopting new policies and procedures. They may be shifting allocations.

Mr. Thorns then advised the Board that already in receipt by the IDB are four new applications looking for preliminary for the August agenda. He then asked for a motion for the special meeting to address policy and procedure. Same was offered by Raley Alford and seconded by Farrell Chatelain.

Mr. Alford pointed out that benchmarks need to be set in viewing the cost/benefit analysis more detailed than jobs creation. We need to safely evaluate in cases of PILOTs. Unlike applications that seek Go Zone Bonds and savings on interest rates that are often sought with each application, PILOTs are different and we have to safely value what we consider.

### **COST/BENEFIT ANALYSIS**

Mr. Wilson took the floor, advising the CBA process is not working; that with the 521 Tchoupitoulas project the Committee held meetings and that at rate with the number of applications received, there would be 200 meetings. We must look at re-doing process. We need not dump on Metro; they have done what we've asked. The way we are doing

things is with an inherent conflict – we ask for an independent analysis and the developer pays for the process given all his numbers. With the 521 Tchoupitoulas project, we hired someone to review the CBA. We, the Board need to determine what we need and we need to deal with this now. Mr. Neveu interjected that the Board needed to distinguish industries. Housing is unique and that affordable is different from market rate. He suggested that it start with a broad scope of industries and factors; that you can't compare housing to film industries. You should create a calculus for each industry.

Mr. Wilson advised that you can't handle the number of projects coming in without changing policy and procedures. We shouldn't depend on developer's numbers, they should be challenged. Discussions and opinions were offered. Mr. Wilson insisted that the process needs to be changed in the way of doing CBA's. Mr. Brown of Metro Source then asked at what project will the changes start? Mrs. Weiss then advised that the Robert's analyses were basically done and that the 930 Poydras project done but not yet reviewed.

Mr. Saizan then explained that CBA's are fine; however, it doesn't always come down to dollars and cents. He advised that he and Jim and that particular board invented the PILOT 18 years ago; we're at a state in this City where must encourage such things as market rate residences downtown – that's a plus for the City. We've lost sales tax revenues and people. Our decisions don't come easy.

In continuance of the affects and needs of the CBA, Mr. Alford offered that all factors be considered when doing the CBA; if you're specific on benefits, you must also be specific on costs. There are always consequences and we must consider all factors.

Mr. Wilson then interjected that project monitoring was still an issue that needed to be addressed.

#### President's Report

Mr. Thorns then presented an update on IDB activities, advising that the IDB needs an accountant and reminded the Board that Quickbooks online has been installed; that work on the books had been started and finally that we had an audit for 2005 prepared. He then presented Ms. Katherine Smith, who made a presentation on her experience and offered a 2-year contract for professional accounting services. After her presentation, Mrs. Good asked for referrals to which Ms. Smith stated she would provide. Mr. Thorns then asked for recommendation for approval of the contract. Discussion ensued. Mr. Thompson stated that he knew Ms. Smith and her services and would recommend. A motion to accept the contract was offered by Mr. Thompson and second by Mr. Saizan.

After the motion passed, Mrs. Good asked if Ms. Smith knew exactly how many hours would be required. Mr. Thompson advised that she would be working with Ault, the Secretary-Treasurer. Mrs. Good advised she has worked with a lot of non-profits and that the IDB doesn't have a lot of transactions. Ms. Smith responded that she did not expect much in time and that she is always conscience of time and costs on any project. Mrs. Good asked if the contract was open ended and further asked if it was possible to stipulate a twenty-day written notice. Mr. Thorns advised that Mr. Cornelius would be reviewing the contract for format. The cost of the contract was discussed, resulting in a \$6K per year agreement, billable hours all of which would be outlined in the contract once completed. A vote was taken and the vote passed with one abstention as follows:

Raley Alford – Yea	Farrell Chatelain - Yea
Susan P. Good – Yea	Glenda Jones Harris – Yea
Darrel Saizan – Yea	David Thompson – Yea
Jimmie Thorns, Jr. – Yea	Tyrone Wilson – Abstention

Mr. Thorns then addressed the issue of an application fee increase. He advised that currently the IDB charges of fee of \$1100 and proposed an increase. Mr. Wilson requested that the matter be deferred until the next meeting.

The next issue raised was the IDB audit on which point Mr. Thorns asked to have the matter resolved in order to get the matter moved forward. Mr. Alford asked that a \$5K cap be placed on the contract. A motion was for same was offered by Mr. Alford and seconded by Mrs. Jones Harris. The vote passed unanimously.

Next the Board Retreat was addressed which was tabled until the next board meeting.

Mr. Thorns then addressed the Budget issue. He asked that the Committee get together and looked to Mrs. Good who advised that Ault Hootsell was the chair of that committee. He then asked that Mr. Hootsell call a meeting of that Committee. The final issued raised was officer and board insurance. He advised that he was inquiring with insurance companies but found that a quote could not be given until resumes of the Board were received. A motion was then raised by Mr. Wilson to adjourn and same was seconded by Mr. Alford.

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Secretary Treasurer



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

**AUGUST 14, 2007  
10<sup>TH</sup> FLOOR CONF. ROOM – 1340 POYDRAS STREET**

**Attendees:**

W. Raley Alford III  
Susan P. Good  
James Paul Johnson  
C. David Thompson  
Tyrone A. Wilson

Farrell J. Chatelain, Jr.  
Glenda Jones Harris  
Darrel J. Saizan, Jr.  
Jimmie Thorns, Jr.

O. Ray Cornelius, Bond Council-Adams & Reese  
Sharon Martin, IDB Admin. Consultant

**Absent:**

Torey Bullock  
Ernest Legier, Jr.

S. Ault Hootsell III  
Nina Hebert Marchand

**Guests:**

Josh Cullen, HRI  
Gionne Jourdan, Michaels Development  
Patricia Morris, BGR  
Paul Simoneaux, Elkins, PLC  
Toni Weiss, Metro Source  
Renee Landrieu, RLH  
Tyrone C. James, II, FFC Capital  
Terri Franklin, Regions Bank  
Amy Enchelmeyer, City Council-Fielkow

Holly Barham, Foley & Judell  
John Williams, Williams Architect  
Greg Thomas, Times-Picayune  
Steven Hattier, Morgan Keegan  
Trevor Williams, Metro Source  
Tina Owen, FFC Capital  
Gilbert Smith, U. S. Raceway Group  
Steve Yeary, Michaels Development

The meeting was called to order at 2:07 PM by the President, Mr. Jimmie Thorns, Jr. A roll was taken, 8 members were present constituting a quorum. An introduction of all guests was had and the record reflects same. The President then welcomed all to the August meeting of the Industrial Development Board.

## MSP PROJECTS

The first order of business was four (4) applications submitted by MSP including MSP Parking, MSP Hotel, MSP Commercial and MSP Residential. Attorney Paul Simoneaux took the floor and then introduced Mr. John Williams, the application representative who made the presentation. He informed the Board that he wished these projects to be approved jointly although they were submitted as separate application for the overall project which would be located on the former Entergy power plant located between the Mississippi River and Tchoupitoulas. These projects will be done in two:

Phase I would include: Commercial, retail and hotel

Phase II would be the apartment complexes which could include affordable housing. Phase II is planned down the road.

Mr. Simoneaux asked the Board to consider overall expense for Phase I in a bunch. The first cost/benefit analysis (“CBA”) will be done for the first phase. Mr. Thorns then advised that the cost/benefit analysis would be on each of the four projects, not in phases. Mr. Hattier then interjected that they were hoping for one CBA to cover retail, hotel and parking, allowing for a split of bonds in 3 ways as it will be one mixed-used project. Mr. Simoneaux then advised that there were different buyers for each project to which Mr. Thorns asked if each component could stand on its own. Asking for clarity, Mr. Thorns stated that what he understands is that there are two projects with four applications but only two projects.

Mr. Williams then joined providing a scenario of the location, acreage and project. He reiterated that the first phase would be commercial, retail and hotel and that the second phase would include housing along the river front and further stated that the project could stand on its own but that the first three projects will serve as catalyst for the other parts to work. He was then asked if the projects called for saving the structure and Mr. Williams responded that it was not only saving but also restoring. He further advised that GO Zone bonds are being sought for Phase I and that Phase II would have to be affordable housing if so.

Mr. Alford asked if there were remediation costs involved. He informed that it required substantial remediation and that there is a power station that has to be moved and that the remediation costs were worked out as part of the purchase agreement. There will also be a re-routing of facilities. The Board was further advised by Mr. Williams that remediation for Phase I and Phase II has been completed and that a lot was done by Entergy prior to the sale, especially PCP removal. Energy saving mechanisms are also being sought stating further that support development such as water and sewerage are already there. He stated also that there is a Coal Bin on the property holding coal as well as a tunnel which brings water to generate a coolant being looked into.

Mr. Williams advised that opening date is slated for late spring, early summer. Other questions were asked including whether or not there would be a culinary school to which Mr. Williams advised that they are focusing on the music venue and that initially they were looking at a culinary school but not now. With regard to a PILOT, Mr. Simoneaux interjected that they are looking for a 15-year PILOT with taxes frozen at their current level. He stated further that the development team is aware of the CBA and the economic study. Current taxes are at \$60K for the entire property. Mr. Thompson stated that the current assessment was going to change and asked if they were asking for taxes frozen as of today or on the assessment that will take place shortly. Mr. Simoneaux responded they were amenable to discussion.

Mr. Alford asked what is the current status with GO Zone bonding? Mr. Simoneaux stated that allocations made today in GO Zone bonding total \$7.9B. The State Bond Commission, in June, set out proposed rules and policy on handling of applications moving forward to establish which projects would end up with funding. Mr. Hattier added that there is a subsequent meeting scheduled which will lend clarity on these rules and policies. He stated further that New Orleans got 5.9% of all the monies and the parishes above Alexandria got 50%. He stated applications must go in now to be included and that wish to get preliminary approval so they can get to the State Bond Commission and the Department of Economic Development.

Mr. Alford advised that the applications as submitted had no pro forma and were substantially incomplete. He stated that they wished them to get in line for GO Zone bonding but that other information is needed.

The presenters were then asked about the composition of the residential units. The response included 1200 units in Phase II with 300 units (1200 square feet), large and small to access parking, with market rent. Maybe one component may have low-income housing. If GO Zone bonding used, at least 20% must be low income or they can set aside 20 or 40 units for median income.

After the presentation and questions, the president asked for a motion to grant preliminary approval on all four applications. A motion was offered by Darrel Saizan and same was seconded by Glenda Jones Harris to grant preliminary approval on Phase I of the projects as presented in two phases. A vote was taken on Phase I and passed 8 to 1.

A subsequent motion for grant of preliminary approval on Phase II of the MSP projects was offered by Darrell Saizan and seconded by Farrell Chatelain. A vote was taken and it passed 8 to 1.

Mr. Thorns then provided understanding of the granting of preliminary approval by the IDB board and the conditions upon which the preliminary approval is granted. He further advised of the required CBA which is paid for solely by the applicant/developer and the need for the time line as well as other information requested here at the meeting. He informed the developer that a letter of congratulations will be sent delineating the requirements and understanding of the preliminary grant of approval.

The next order of business was U. S. Raceway Group.

#### U. S. RACEWAY GROUP

Mr. Thorns reminded the Board that the application of U. S. Raceway Group had already been granted conditional preliminary approval subject to their re-submission of the application pursuant to the format of the IDB application. The purpose of the visit today is to ratify the grant of preliminary approval based on the re-submission. At this point, Mr. Smith advised that since that meeting, they have now secure the land in N. O. East and are in control of the site. Mrs. Good asked if this project was similar to that proposed in Hammond, LA. Mr. Smith advised that the Hammond site is having some problems in Kentwood and the first problem is that they do not have the land or any approvals from the racing organizations. NASCAR approval is hard to get. The property involved in the U. S. Raceway project is off the industrial parkway, near NASA.

The president asked for a motion to ratify the original grant of preliminary approval based on the receipt of the new submission that follows the format of the IDB application as requested by the Board. A motion was offered by Mrs. Glenda Jones Harris and was seconded by Raley Alford. A roll was taken and the vote passed unanimously, 9 to 0.

Mr. Thorns congratulated the applicant and advised that a letter delineating the conditions upon which the application was preliminarily approved would be forthcoming and will include the need for a timeline, cost/benefit analysis and more.

#### NEW SAVOY PLACE

Ms. Gionne Jourdan took the floor as applicant representative. She also presented Mr. Steve Yearly of Michaels Development. She provided background information on the previous Savoy project, advising that they now plan to rebuild Phase I which was destroyed by Hurricane Katrina. They have completed 107 units.

They are seeking for the restructuring of Phase II with 4% tax bond and tax exempt bonds. Phase I will have 158 units and Phase II will have 160 units (making up the 318units) with 1 – 4 and 1 – 5 bedrooms respectively. Mr. Thorns interjected that on the

original bonds issued in the Savoy project were redeemed back in December 2005. Ms. Jourdan went on to advise that the developers in this project are seeking a PILOT as it had one in the previous project. She further advised that there will be rental and homeownership projects. Michaels will develop the rental only and HANO will develop homeowners. Everything will be managed by Interstate Management an arm of Michael's Development.

Mr. Thorns then asked if the contractor, materials and money in the project will stay in New Orleans. Ms. Jourdan advised that right now Park Crest Construction is the current contractor and is out of Houston, TX and they've been working with them for quite a while. Many of the vendors for this project are local. \$3M is slated for the project. There are no GO Zone bonds. For clarity, Mrs. Good asked if they were asking for approval on Phase I. Ms. Jourdan advised that Phase I is new with a total construction cost of \$1.8M. They are looking for \$2.75M with LFHA providing the balance. They are hoping the PILOT would coincide with the 75 year ground lease they now have. Mrs. Good then stated for clarity that it is her understanding from the presentation that HANO owns the land, Michael's is leasing the land and asked further if they are asking for the PILOT on the land. Ms. Jourdan responded they were looking for PILOT on the improvements.

Mr. Thorns asked if there were any other questions. Mr. Chatelain interjected that he would like to say, "yes" and explained the IDB's previous experience, advising that the City cannot afford to give away its dollars if the funds for the project are spent in places other than New Orleans. Mr. Saizan chimed in stating this is a real problem and that the IDB, on behalf of the City, must ensure that purchases and funds are spent in this area – Orleans Parish. Ms. Jourdan said she would get a list of the vendors in New Orleans that are being used. Mr. Wilson asked if she would also deliver a list of those vendors outside the City. She stated would get both lists to Ms. Martin.

As an aside and at this point, Mr. Smith with U. S. Raceway passed out an article on raceways to each board member.

Mr. Thorns then stated unequivocally that the benefits to the City must outweigh the costs. These determinations are made based on the result of the cost/benefit analysis. Mr. Alford then asked if the developers could do an invitation to the locals for their participation in the project. He further stated that Michaels Development must satisfy the IDB in making an effort to talk about the project to the public. Ms. Jourdan replied that it has already held two job fairs. She stated that the project is not too far along for the general contractor to make sure the news and invitation is sent out. All board members agreed that the benefits must be measured. Mr. Wilson wanted to know if the procure-

ment guidelines required issuance to the lowest bidder to which Mr. Thorns advised that this project is a private sector endeavor and thus has lots of latitude. Mr. Jourdan added that there are currently no taxes on this property and that HANO owns the land and there is an agreement with the City.

Mr. Alford then offered a motion to grant preliminary approval with Mrs. Harris seconding. A roll was taken and the vote passed 7 to 1 with one abstention.

Mr. Thorns offered congratulations and gave the understanding for the granting of preliminary approval and the standard requirements associated with the grant of approval, advising that a letter delineating all issues will be forthcoming from the IDB.

#### Motion for \$16K payback

Mr. Thorns then stated that the last meeting, Mr. Alford motioned and a vote was taken to give back the \$16K paid by 521 Tchoupitoulas to Metro Source for the cost/benefit analysis. He advised that he did not feel the IDB could do it as it sets precedence, stating further that at each meeting the developer/applicant is advised that you take the required steps for approval at your own risk – the IDB is not obligated. Comments by Alford and Tyrone Wilson were heard regarding how info was presented and not presented. He now opened the floor for further discussion.

Mr. Alford advised that the IDB Board cannot now unwind the final approval. He further stated that he met two times with economists during the process of the project; had communications with Dr. Oakland who stated that Metro was told that it had overstepped its bounds in the Walgreen's project so they removed the analyses from the cost/benefit analysis. He then asked how can we rely on the analysis and service the public.

Mr. Thorns stated that in the course of the process we hire a company and we become unhappy with the final product, it would appear that we would consider our relationship with the contractor; we cannot put our Board in the position of assuming liability.

Mr. stated that his second point is that the IDB should have the agreement with the economist. IDB gives preliminary approval and should at some point reach an agreement with Metro on cost of the analysis; the Board is saying Metro should advise us. The product is by contractor and developer. In his view there is an inherent conflict. There is no consistency on what is being charged, If the IDB retains the contractor then the IDB should pay the contractor and negotiate the cost and exercise control over the product. He stated he didn't like the thought of any applicant having to talk to money with a contractor – it is not a good practice.

Mr. Thorns then stated that clearly they were not on the same page and that maybe a legal position is needed. He wants to make sure that the IDB is doing the right thing and an opinion is needed. If we don't like the product, we don't take and don't pay. Mr. Alford interjected that they were in agreement further stating that he was not impugning Metro but he believes that it could work better. The IDB needs to make sure the Metro does not have to experience not getting their money for a product. But that the motion included reimbursement of cost and that it has to be an IDB responsibility.

Mr. Thorns informed Mr. Alford that Adams and Reese developed the contract under which an economist is engaged and that he has no problem sending it back to them to review considering the issues at hand. At this point Mr. Chatelain stated that he understands Alford and Wilson's point in principle and he understands protecting the Board. He believes that Metro should relieve the Board of this responsibility. Discussions concerning the number of meetings held by the Committee to review the 521 Tchoupitoulas CBA; the fact that the same issues are discussed by the members of the Board at the subsequent Board meeting; contract issues, etc., Mr. Wilson is that the process didn't work.

Mr. Thorns then confirmed for the Board members that the IDB enters into a three-way contract to secure the economist (the same one he talks about after every preliminary approval); that the contract was done by attorneys. He agreed that the IDB must ensure that the CBA is in the Board's control and that the contractor and the developer must work together. He stated that there need not be any further discussion and wants to resolve the issue by getting an opinion from Adams and Reese on a remedy.

Mr. Chatelain interposed for a motion that an account of all expenditure of the IDB, check by check, each month, be presented to the Board at its monthly meeting. Mrs. Good seconded the motion. Mr. Chatelain then asked about the whereabouts of the Treasurer, Mr. Hootsell.

A vote was taken on the requirement to present an expenditure report at each Board meeting. Same passed unanimously.

#### COMMITTEE UPDATES

Mr. Alford stated that a good place to start is where the Board left off – starting with the application process. He stated that applicants come in presenting their side of the benefit. From the start, the applicant should come in telling the IDB what benefits will be garnered by the City if their project is approved. The application should include all information including pro forma, all costs, all tax breaks being sought and all information that is being passed on to Metro as the economist. The Board may need and may ask

Metro to provide services in determining fees for projects. The IDB needs structure now; the developer should never talk money with the economist contractor; the IDB needs to demand complete applications – we may have to retain a consultant to review the applications. The CBA Committee may not need to exist. The Committee works too hard meeting again and again on one project. It is not fair for the applicant not to provide all information to the IDB for review and consideration.

Mr. Thorns then stated for the benefit of those new and old, the IDB process is an evolving one. Currently, the projects list totals some \$2B in the hopper. The demand is becoming greater. We do need different policies and procedures. But there is time and work involved with each application. We can make sure that the CBA's capture what we need.

Mr. Thompson then interjected that the CBA Committee problem is that the Committee meets and the board members who are not present ask the same questions raised at the Committee meeting. The responsibility needs to be taken away from the Committee. We need to tell Metro what we need.

Mr. Wilson then stated that he is ready to dismantle the CBA Committee because of the number of meetings being held on each project. Mr. Chatelain questioned whether a consultant could be hired. Mr. Thorns then reminded the Committee that a few years ago the IDB had no money and that the IDB was at the mercy of the City. Through creative thinking and the demise of McFrugals which generated insurance claim monies, funds were dedicated to the IDB to make it self-sustaining and supporting, taking it off the City's budget. Mr. Chatelain stated that he thought a consultant to review the CBA's would be a good idea.

Mr. Alford then stated that in preparation of today's meeting, he spent his weekend on policy and procedure; he has spoken with different people and boards like the IDB. They get direction from the legislative branch of the government. For instance, Tangipahoa has three (3) staff people. We don't have a professional on staff who can review and evaluate the applications. In the IDB's criteria dated Dec. 10, 1980, it states we should look at industrial development jobs.

Mrs. Good stated that Raley hit it on the head; that perhaps we need to hire an MBA person who can tell us what is needed and what is in each application; someone not hired by the developers. Mr. Wilson disagreed to a point; he believed the IDB needed a City planner. Mr. Thompson informed the board that he too had spoken with city planners in other states; they use consultants, former developers and he believed the key question was "How do you arrive at the numbers?" The IDB has staff limitations.

At the juncture, Mr. Thorns advised the board that the La. Legislature created the Development Boards in 1970 and that the City of New Orleans created the IDB. Inasmuch as there is little or no industrial business in New Orleans, the IDB, with the sanction of the Mayor was allowed to approve projects. He noted that the IDB was very instrumental in the creation of the changing warehouses to offices and hotels. He agreed that policy and procedure was necessary to move forward.

It was then suggested that the IDB look to the City of guidance, advising what the City's master plan included. Mr. Thorns advised that the IDB creates its policy and procedure by virtue of what the IDB does. He advised that each board member is told that he or she should see its district council person so that its plan can be carried through.

Mr. Saizan added that the IDB was created for Lone Star Cement deal. In 1978, the Downtown Development District was developed. In 1980 what happened in the warehouse district, happened as a result of the IDB. At that time he served as Director of Economic Development of the City. He and Jim fought for the Pic N Save, it helped create infrastructure for that area.

It was stated that since Katrina, there have been a deluge of applications coming through the IDB; an independent contractor needs to take a look at these applications to ensure the numbers are good on behalf of the IDB; the IDB should not take for granted the numbers in the application are correct; the applicant should also prove to the IDB that its projects is worth the IDB considering and prove to the IDB the benefits to the City. Mr. Saizan then stated IDB now has applications for grocery and drug stores and that all projects that come before the IDB aren't bad. He was delighted to see Robert's applications. Mr. Saizan advised the Board that when he served as director of the City's Economic Development Dept., staff was provided to the IDB; they were able to piggy-back projects and work together.

After all discussions, Mr. Thorns advised the Board that it has to report something back to the Economic Development and Governmental Affairs Committees sometime in mid-September on policy and procedure. We are required to make IDB policy and procedure and operate the IDB from stem to stern. The IDB must deliver a copy of its policy and procedures to these committees. We have invited people to our meetings; the IDB has the authority to accept and/or reject. If we accept the projects and goes to fruition; it becomes a part of the community.

Mr. Alford stated that we need to go to the City since we are now doing housing and retail and ask them, "What do you want us to do". Mr. Wilson stated that the councilman

that appointed him advised him that economic development is what he is looking for but that in terms of policy and procedure, someone familiar with policy and procedure should be assisting the IDB in making its policy and procedures and in doing so cannot be done in a 2-hour meeting.

Mr. Thorns advised the Board that the IDB has policy and procedure already standing whether we like or not. Point is, he said, we can modify. Every board member should review these policy and procedures and be prepared to come back in September to review them.

After listening to all concerns, Mr. Cornelius advised that to make changes, you must start somewhere. The business of the IDB in 1980, he reflected, is not what it is today – it came from industrial and manufacturing to hotels and office buildings. A few years ago it changed to include more. He suggested that each board member make a list of what should be considered when reviewing an application, e.g., jobs, quantify of jobs, increase in tax base; ad valorem tax break. The Board always has the authority to increase the tax base. Mr. Thorns then asked that each board member make a wish list of the perfect environment of what they would like seen as policy and procedure.

It was then brought out that the application calls for a CBA to be submitted with the application. That is not how the procedure is currently handled. Additionally, applications come in incomplete, without sufficient information.

Mr. Saizan then stated that the Board should not be about reinventing itself; there cannot be a one-size fits all approach when reviewing each application. He agreed that the IDB needs an independent voice on each application and that in order to do this IDB needs financing. He stated that Mr. Thorns has done a great job in guiding the IDB through the City's recovery.

Again, after discussions were held about current policy and procedures, Mr. Thorns reiterated the need to have a report for the City's two Committees that requested same. When you have \$2B in projects we have to change with the times. We will have to outline to these Committees what we do and how we do it. Mr. Wilson asked to put the issues of the City Council committees' requests aside and asked how do we handle the 40 something files in the meanwhile with limited staff yet agree to continue taking new applications? Mr. Thorns responded that we should hire someone to handle it and stated further that to do nothing is not acceptable. Mr. Chatelain added that until someone is hired, we do the best can but still accept applications.

Mrs. Good then stated that she found an article about a woman in Austin who works with boards and who can say this is what other industrial boards are doing procedurally. Maybe we can contact her. Mr. Thorns stated that the closest IDB to the N. O. IDB is

Hammond/Tangipahoa. They have a staff and are part of the parish government; some joint employees, 6, and they share responsibility in reviewing and handling of that office. She stated that between now and Sept., the IDB needs someone to handle that job.

It was also suggest that a call to the deans of local universities could be contacted, asking if there is someone on staff who have experience in the areas of economic development; or perhaps the review of these applications can be a student project for which they can receive a grade. Mr. Alford stated that the IDB just needs to structure its application and there is no need for another economist. Mr. Thompson suggested that each board member think of the names of people who can handle the job. Mr. Chatelain suggested that the IDB ask Josh Cullen. Mr. Cullen then rose and said he used to work for the city and maybe he can come up with a list of names. Mr. Cornelius stated that he would love to look at the criteria of the applications and bring it up to date but couldn't help with the ad valorem.

A motion was then offered by Mr. Wilson and seconded by Mrs. Good to temporarily suspend the CBA committee. The vote passed unanimously.

A motion to approve the minutes of the August board meeting was offered by Mr. Thompson and seconded by Mrs. Harris, with necessary changes..

A motion to adjourn was rendered by Mrs. Good and seconded by Mrs. Harris. The meeting adjourned at 4:55PM.

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Secretary Treasurer



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

**SEPTEMBER 18, 2007  
12:00 P.M.  
21<sup>ST</sup> FLOOR – AMOCO BUILDING  
1340**

Present:

Jimmie Thorns  
C. David Thompson

Glenda Jones-Harris  
Susan P. Good

Torey Bullock

Sharon Martin, Admin. Consultant, IDB  
Jade Russell, Bond Counsel, Adams and Reese

Guests:

Marc L. Robert, II  
Stan McDaniel, The McDaniel Group  
Stephen Stuart, Bureau of Governmental Research  
Cynthia Rico, Lakewood Restoration Project  
Tara Carter Hernandez, JCH  
Malcolm E. Zeizgler, Lakewood Restoration Projection  
Terri Franklin, Regions Bank  
Tom Bauer, Bauer Co.  
Ron Nakamoto, Kensington  
Scott Zander, Jones Walker  
Fred Chevalier, Jones Walker  
John Ohle, Sun Energy  
Kristen Ardani, Sun Energy  
Richard Cortizas, Jones, Walker  
Darryl Berger, Berger Co.  
Darryl Berger, Jr., Berger Co.  
Tom Crumley, Woodward Investments  
Emily Ostuw, Woodward Investments  
Janet Howard, Bureau of Governmental Research  
Amy Enchelmeyer, City Council, Office of Arnie Fielkow  
Erness Wright-Irvin  
Trevor Williams, Metro Source  
D’Juan Hernandez, Sun Energy  
Barney Gorey, Sun Energy

Guests cont'd

Chase Story, Office of Recovery Management  
Scott Cowman, southern Coat Environ  
Don Allison, Advantous Consulting  
Rochelle JueZick, JueZick Consulting  
Marcel Wisznia, Wisznia Associates  
Toni Weiss

The Public hearing was opened at 12:11PM by the President, Jimmie Thorns, Jr.. The first order of business was Claiborne Fresh Market d/b/a Robert's.

### **CLAIBORNE FRESH MARKET, LLC d/b/a ROBERT**

Ms. Jade Russell read the nature of the public hearing issue as follows:

Proceedings for public hearing held by the Industrial Development Board of the City of New Orleans, Louisiana, Inc. in connection with the issuance of Not Exceeding \$5,000,000 aggregate principal amount of Industrial Development Board of the City of New Orleans, Louisiana, Inc. Gulf Opportunity Zone Revenue Bonds (Claiborne Fresh Market, LLC Project) Series 2007 (the "Bonds"). The public hearing was convened at 12:00 o'clock noon in the 21st Floor Conference Room of the Amoco Building, 1340 Poydras Street, New Orleans, Louisiana, on Tuesday, September 18, 2007, by Jimmie Thorns, Jr., President, pursuant to a Notice of Public Hearing published on August 30, 2007, in *The Times-Picayune*, in New Orleans, Louisiana.

The floor was opened to the public for comments of support or opposition. Ms. Janet Howard was recognized and given the floor. She prefaced her remarks by stating her next comments were not project non-specific. She then requested that the IDB place a moratorium on PILOT approvals until policy and procedure was developed and implemented. She respectfully requested the moratorium until there was coordination between the City and IDB. Mr. Thorns acknowledged her request and offered the floor to remaining guests.

Mr. Marc Robert was then recognized who stated that the Robert project is three weeks away from grand opening, advising that he had to push the project forward and begged that his request for final approval today not be placed on hold as requested by Ms. Howard.

Mr. Thorns noted for the record all comments and requests. He then stated that he was not inclined to agree with Ms. Howard's request, stating further than New Orleans was already two years behind and encouraged that all investment opportunities be taken of advantage. He further stated that policy and procedure review is ongoing.

He then asked for any other comments. None were noted

The second issue addressed at the public hearing was read by Ms. Jade Russell in re M. Robert Enterprises, Inc. Project:

Proceedings taken at the public hearing held by the Industrial Development Board of the City of New Orleans, Louisiana, Inc. in connection with the issuance of Not Exceeding \$5,000,000 aggregate principal amount of Industrial Development Board of the City of New Orleans, Louisiana, Inc. Gulf Opportunity Zone Revenue Bonds (M. Robert Enterprises, Inc. Project) Series 2007 (the "Bonds"). The public hearing was convened at 12:00 o'clock noon in the 10th Floor Conference Room of the Amoco Building, 1340 Poydras Street, New Orleans, Louisiana, on Tuesday, September 18, 2007, by Jimmie Thorns, Jr., President, pursuant to a Notice of Public Hearing published on August 30, 2007, in *The Times-Picayune*, in New Orleans, Louisiana.

Mr. Thorns offered the floor for remarks in support of or in opposition of this request for final approval. There were no comments.

### **521 TCHOUPITOULAS STREET**

The third issue for the Public Hearing was 521 Tchoupitoulas Street. Ms. Russell read the following

Proceedings taken at the public hearing held by the Industrial Development Board of the City of New Orleans, Louisiana, Inc. (the "Issuer") in connection with the issuance of Not Exceeding \$8,500,000 aggregate principal amount of Industrial Development Board of the City of New Orleans, Louisiana, Inc. Gulf Opportunity Zone Revenue Bonds (521 Tchoupitoulas Street, L.L.C. Project) Series 2007 (the "Bonds"). The public hearing was convened at 12:00 o'clock noon in the 21st Floor Conference Room of the Amoco Building, 1340 Poydras Street, New Orleans, Louisiana, on Tuesday, September 18, 2007, by Jimmie Thorns, Jr., President, pursuant to a Notice of Public Hearing published on August 30, 2007, in *The Times-Picayune*, in New Orleans, Louisiana.

The floor was opened to the public for comments by the President. Mr. Tom Crumley was recognized. Mr. Crumley stated that he believed in the work the Bureau of Governmental Research but where job creation and other factors that benefit the city are concerned someone has got to take a stand. He stated that he also supports the IDB, the City and State's Economic Development and asks the

No objections had been filed with the Issuer regarding the Bonds.

After additional discussion regarding policy and procedure and the offer to Ms. Howard to participate in the process, there was no further business to be conducted, Mr. Thorns adjourned the hearing at 12:30PM

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Jimmie Thorns, Jr., President



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

**SEPTEMBER 18, 2007  
12:30 P.M.  
21<sup>ST</sup> FLOOR – AMOCO BUILDING  
1340 POYDRAS STREET**

Present:

Jimmie Thorns  
Torey Bullock

Glenda Jones-Harris  
Susan P. Good

C. David Thompson  
Nina H. Marchand

Sharon Martin, Admin. Consultant, IDB  
Jade Russell, Bond Counsel, Adams and Reese

Guests:

Marc L. Robert, II  
Stan McDaniel, The McDaniel Group  
Stephen Stuart, Bureau of Governmental Research  
Cynthia Rico, Lakewood Restoration Project  
Tara Carter Hernandez, JCH  
Malcolm E. Zeizgler, Lakewood Restoration Projection  
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John Ohle, Sun Energy  
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Chase Story, Office of Recovery Management  
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Marcel Wisznia, Wisznia Associates  
Toni Weiss

There being no quorum, the President, Mr. Jimmie Thorns, Jr., opened an Executive Committee meeting of the Board, at 12:51PM. A quorum for an Executive Committee meeting was present. Mr. Thorns asked bond counsel, O. Ray Cornelius, to explain the rules of an Executive Committee meeting. Same was presented by counsel.

An introduction of all guests was taken. The matter on the agenda was Sun Energy

**SUN ENERGY OPERATING, LLC**

Mr. Thorns advised that applicant/developer was seeking preliminary approval of its project and that said preliminary approval on the part of the board was non-binding. The applicant representative, D'Juan Hernandez gave a description of the project, offering that it was a waste-to-energy project, located on Almonaster. He stated the project was a commitment to New Orleans. He advised that Sun Energy was not looking for a PILOT.

After a period of questions by the board and answers provided thereto by the applicant, Mr. Thorns thanked Mr. Hernandez for the presentation and advised that in light of the fact there was no quorum present, the Executive Committee would not vote on preliminary approval at this time.

The next order of business was Basin Street Management:

**BASIN STREET MANAGEMENT, CARNIVAL HOSPITALITY, FRENCH QUARTER SERVICES, LLC, NOLA XSTAY, LLC**

Mr. Thorns advised that this project was also seeking preliminary approval and requested the applicant to provide an overview. Mr. Richard Cortizas took the floor, introducing Mr. Tom Bauer and Mr. John Ohle, further advising that Jones, Walker will serve as bond counsel in this project. The board was advised that this project was in one of the city's target zones, adjacent to the medical corridor, near the VA Hospital. Mr. Bauer provided a further presentation of the project, advising that it will encompass retail, hospitality and other services. A residential component is also part and parcel of the project. It will be located across from the Municipal Auditorium where the Winn-Dixie store was located, near the Visitor's Center on Basin Street; the RV site will remain.

Mr. Thorns asked if there were any questions and advised that a vote would be taken once all presentations were completed and a quorum present.

The next order of business was Lakewood Restoration

### **LAKWOOD RESTORATION**

Mr. Thorns advised that this project was seeking preliminary approval and requested the applicant /representative to provide an overview. Mr. Steven Hattier of Morgan Keegan took the floor and provided a project description. He advised that it was a phased development with hotel. Mr. Malcolm was then recognized who provided a further picture of the project. He advised this project will be a big boost for New Orleans East.

Mr. Thorns advised that the board will come back to vote on preliminary approval of the project.

The next order of business was Saratoga Lofts, LLC

### **SARATOGA LOFTS, LLC**

The floor was given to Steven Hattier as representative of the developer. He advised that this project was an adaptive reuse, mixed-use, ground floor retail and apartments located downtown New Orleans. Mr. Marcel Wisznia was then recognized advising that the building was located at Tulane and Loyola on the edge of the downtown development district. The building, he advised, is in need of reconditioning and is across from the Tulane University Medical Center. It would be a tremendous catalyst for the area.

Mr. Thorns asked if there were any questions and advised that a vote for preliminary approval would take place after a quorum was present.

The next order of business: Stephens Garage

### **STEPHENS GARAGE**

Mr. Hattier took the floor representing the developer. The project is located at 840 Carondelet Street. It is an adaptive re-use of an historic site. It will be a mixed-use, multi-family facility with retail. It will have unique features. Mr. Marcel Wisznia was then recognized, advising the building has been in decay and once served as the home of Stephen Chevrolet. There has been no life at the building in quite a while. This project could be a catalyst for the 15K SQF building, offering retail on the ground floor. The unique feature is that this facility will have parking on the same floor as a resident's apartment via use of a car elevator. Residents will be able to park in front of their home. It plans to utilize renewed energy tax credits as a result of the solar component on the roof.

Again, Mr. Thorns asked if there were any questions and advised that a vote for preliminary approve would be taken once a quorum was present.

## **POYDRAS HOTEL DEVELOPMENT, LLC**

Mr. Thorns recognized Mr. Darryl Berger as representative for this project. Ryan Berger passed materials to the Board, advising of the Oct. 24 opening of the Walgreens Store at Carrollton and Claiborne. A status update was provided on this project as well as the Canal Place III project. Today, however, he advised that he would be talking about the hotel development near the Piazza d'Italia. Materials were handed out in connection with this project as well.

Mr. Berger advised the Board that Lowe's maintains the Piazza d'Italia. Their proposed project will offer resurgence to the hotel industry in New Orleans. This will be a single hotel with two towers – a unified company, contemporary product. A further description of the project was offered. Board members inquired as to the number of jobs during construction and permanently, parking surface. During construction 300 jobs will be created; total number of permanent jobs is project at 165 – 90% to New Orleans and 40% of the 90% to minorities and DBE's. The current parking surface goes to the City. He further advised that the Piazza d'Italia is a public park. When finished, it will open from on all four (4) sides, including Tchoupitoulas. The Loew's Hotel currently maintains the Piazza d'Italia. Much of the infrastructure needs will be borne by the developer and not the City. He advised that he will be looking for a tax exemption. There currently is a lease with the City.

Mr. Thorns asked if there were any other questions. As there were none, Mr. Thorns proceeded with the meeting. He advised each representative that the IDB is seeking benefits to the City of New Orleans on each project and that the IDB would like 100% of the benefits for the City. The IDB seeks to have all funds spent on projects it approves spent in the City of New Orleans. This is all based on a cost/benefit analysis which is a requirement of the IDB. The IDB attempts to measure benefits into a contract to become a part of the Final Agreement. Periodically, the IDB will audit the project to ensure the promised benefits have been delivered. This comes about in "claw back" provisions. If you fail to deliver as agreed, we take back the tax break. We, the IDB, wish to assure the community that the IDB seeks each project to have a positive impact.

Mr. Thorns then advised that a recent article in the Times-Picayune gives the impression that the IDB creates a negative impact – the Times-Picayune recently published a Bureau of Governmental Research report. He reiterated that Ms. Howard of the BGR asked at a Public Hearing meeting to place all PILOTs request in a moratorium until the IDB has its policy and procedures in place. The Cost/Benefit Analyses are not enough. There are currently 48 PILOT requests pending. He stated that while he respects the efforts of the BGR to protect the City with a moratorium until there is a perfect world, it is his opinion that it should not be. He assured everyone that concurrently, the Board is working on its policy and procedure. He further assured that the IDB will produce policies to protect the City. The City now has people ready to invest in the City – we, the City need to roll up

our sleeves. There are others who believe that to hold the button would be catastrophic. As president, I believe we need to move forward. Real Estate is long term. We need to act today and be prudent in our decisions.

Ms. Howard replied that the BGR is not looking for the perfect world, stating that the IDB does not have policy and that the BGR thinks it important to have a better system. She believes each application should be more comprehensively addressed. Mr. Thorns interjected stating that rather than saying what is wrong, he invited Ms. Howard to participate in the process. Recognizing that a quorum was not present, Mr. Thorns requested a motion to adjourn the Executive Committee meeting. A motion was offered by Ms. Marchand and seconded by Ms. Jones-Harris.

The meeting ended at 1:20PM

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Jimmie Thorns, Jr., President



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

**SEPTEMBER 18, 2007**

**12:30 P.M.**

**21<sup>ST</sup> FLOOR – AMOCO BUILDING  
1340 POYDRAS STREET**

Present:

Jimmie Thorns  
Torey Bullock  
Tyrone A. Wilson

Glenda Jones-Harris  
Susan P. Good

C. David Thompson  
Nina H. Marchand

Sharon Martin, Admin. Consultant, IDB  
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Guests:

Marc L. Robert, II  
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Rochelle JueZick, JueZick Consulting  
Marcel Wisznia, Wisznia Associates  
Toni Weiss

The September 18, 2007 Board meeting of the Industrial Development Board was called to order by the President, Mr. Jimmie Thorns, Jr., at 1:21PM. A roll call was taken and acknowledgment of a quorum was announced. A motion was then placed by Nina Marchand and seconded by Dave Thompson to accept the minutes of the August 14, 2007 Board meeting. A vote was taken and passed unanimously.

Mr. Thorns informed the Board that each developer representative made a presentation of its project at an earlier Executive Committee meeting held this day. He now asked for a vote for preliminary approval on each project according the agenda.

#### **SUN ENERGY OPERATING, LLC**

A motion to grant preliminary approval was offered by Torey Bullock and seconded by Ms. Glenda Jones Harris. A vote was taken and the vote passed with 6 yeas and 1 nay by Mr. Tyrone Wilson.

After the vote, Mr. Thorns advised the representatives of Sun Energy of the IDB requirements for a time line and a cost/benefit analysis. He reminded the representative of the need to keep the IDB abreast of any time line changes once the original has been submitted to file.

#### **BASIN STREET MANAGEMENT**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. Mr. Cornelius advised that he had not had a chance to look at the Preliminary Agreement but that it was a standard form. Mr. Thorns asked for a motion to grant preliminary approval on the project. A motion was offered by Ms. Susan Good and seconded by Mrs. Nina Marchand. A roll was taken and the vote passed 6 – 1; 6 yeas and 1 nay by Mr. Wilson.

#### **CARNIVAL HOSPITALITY, LLC**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr.

Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Mr. Thompson and seconded by Ms. Good. There were no discussions. A roll was taken and the vote passed 6 to 1; 6 yeas and 1 nay by Mr. Wilson.

**FRENCH QUARTER SERVICES, LLC,**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Dave Thompson and seconded by Nina Marchand for grant of preliminary approval. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

**NOLA XSTAY, LLC**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Dave Thompson and seconded by Nina Marchand. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

**LAKEWOOD RESTORATION**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Nina Marchand and second by Glenda Jones Harris. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

**SARATOGA LOFTS, LLC**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Dave Thompson and seconded by Susan Good. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

**STEPHENS GARAGE**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Dave Thompson and second by Nina Marchand. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

### **POYDRAS HOTEL DEVELOPMENT, LLC**

Mr. Thorns advised that a presentation of this project was made at an earlier Executive Committee meeting. He asked if there were any questions. As there were none, Mr. Thorns requested a motion for grant of preliminary approval by the board. A motion was offered by Dave Thompson and second by Nina Marchand. A roll was taken and the vote passed 6 to 1; 6 yeas and one nay by Mr. Wilson.

Mr. Thorns then congratulated each applicant/developer and proceeded to advise each applicant/developer with the conditions upon which a grant of preliminary approval is granted, including the requirement for the submission of a time line, the production of a cost/benefit analysis for which payment is borne by the developer and the requirement to keep the Board abreast of developments. He further advised that they would be receiving a letter from the IDB which provides in detail the foregoing requirements.

### **REVIEW OF COST/BENEFIT ANALYSIS OF ROBERT PROJECTS**

Mr. Thorns gave the floor to Mr. Wilson as chair of the Cost/Benefit Analysis Review Committee. Mr. Wilson reminded everyone that the CBA Review Committee was temporarily suspended until the IDB could identify someone to review CBAs on the IDB's behalf, after which the CBA Committee will make its recommendations to the Board. He then introduced Mr. Stanley McDaniel of the McDaniel, who, as introduced by Mr. Wilson handled his first two projects on behalf of the IDB – Robert's.

Mr. McDaniel advised the Board that both projects are quality of life projects for the Robert E. Lee and So. Carrollton & So. Claiborne areas of the City. He advised that both projects are looking for PILOTs. The developer is seeking a freeze on taxes at the Robert E. Lee site at the 2005 level and on the So. Claiborne and Carrollton site, a freeze at the 2006 level. He advised that his analysis of the Robert E. Lee request was an over incentive. He, therefore, took an average of the 2005 and 2006 taxes and found that a freeze at that average level was more equitable. The benefit side spells out costs and benefit. See page 14 of the CBA – the costs are spelled out at the top of the page. The benefits are down but there is job creation and sales taxes to be generated. These factors drive the decision to give a PILOT with claw back. Mr. McDaniel stated after his analysis of the request and the benefits, he would recommend a PILOT in this instance. Ms. Harris was unclear about the costs and benefits. Mr. McDaniel referred her to Page 16 for cost and benefits in the So. Claiborne Fresh Market matter and to Page 14 for the Robert E. Lee matter.

Mr. Thorns advised the Board that at its last meeting, comments were that the CBAs were non-productive. We then looked for someone to serve as an interpreter and act in place

of the committee in reviewing the CBAs. He advised that Mr. McDaniel made a critical look at the current CBAs, at the benefits and the costs and the conclusion provided by Metro. Mr. McDaniel stated that he will submit to the Board his written analysis.

Mr. McDaniel then added that the Robert E. Lee CBA analysis has two scenarios. Mr. Wilson asked Mr. McDaniel to go through the process of what he did to draw his conclusion. He advised that he combed through all financial information submitted by the developer and then went through the Cost/Benefit Analysis to analyze numbers. He sat with Metro page by page and made some changes to the format to show greater transparency on the part of the developer. Once the figures were adjusted and he drew his conclusion, he looked at the claw back. He also met with the developers. He stated that it is a gutsy move to redevelop in this City but the people in these two neighborhoods need a place to shop. He was impressed that Mr. Robert made a commit to stay in the City.

Ms. Good stated that she saw no change in the Claiborne CBA; that it seems to be a much wider discrepancy in the benefits. Mr. McDaniel stated the taxes are greater. There is more of a financial history at the Robert E. Lee location which is not so apparent at the So. Claiborne store. So he made a risk assessment. Mr. Thompson stated that he would prefer a written document from Mr. McDaniel. Mr. Thorns stated that one is forthcoming but that he requested Mr. McDaniel to make this presentation at this meeting. He then asked if there were any other questions. Mr. Wilson stated that would wished to defer vote until next meeting with a written document was available.

Mr. Thompson stated that key people were not at the meeting, who will perform their analysis, particularly Raley Alford. He stated additionally, that generally when we do the review, the Board generally discusses and votes the same day. Mr. Thorns then asked if the vote would delay the process of moving forward. Mr. Wilson stated that it depends on the board and emphasized that there was no "key" member. Mr. Thompson said he understood but that this was a new process and certain people were not here. Mr. Wilson stated then they forfeit their right.

Mr. Robert then informed the board that the Robert E. Lee store will open in three (3) weeks and that a delay will cause an issue for him – a timing issue. We need to go to the next level without approval. In the case of the So. Claiborne project, construction cannot be started until approval is given. He asked that approval please be given in both instances. Mr. Cornelius then advised that these bonds issues have been delayed for 2-3 months and has created already a hardship as there are a limited amount of volume cap. He suggested the Board take up the issue so as to go to Bond Commission, otherwise the project could be adversely affected. The Bond Commission currently has 130 items on its agenda – New Orleans is just like everyone else waiting in the line. Mr. Thorns asked if there were any serious reservation in moving forward and that he will take Mr. Thompson suggestion for the written document but he encourage support of the project.

Ms. Good asked if the Board could give bond issue approval and hold off on the PILOT unit later. Mr. Cornelius advised, “yes” but that he would have to defer this question to Mr. Robert on the effects of approving one and not the other. Mr. Robert advised that the problem would be with the lender. At this point, Mr. Bullock asked what would happen if final approval was given for the Claiborne project. Mr. Robert advised that there was a provision in the lease that if a PILOT was not given the project could not move forward. Mr. Robert advised that because of the increase in costs of almost every factor and phase of the project, he is scrapping for everything he can get to make the project work.

A motion was then placed to grant final approval on the Robert E. Lee project by Tyrone Wilson and same was seconded by Ms. Good. A vote was taken and same passed unanimously.

A motion was then placed to grant final approval on the So. Claiborne Fresh Market project by Tyrone Wilson and same was seconded by Ms. Marchand. A vote was taken and the vote passed 6 to 1; 6 yeas and one 1 by Mr. Bullock.

### **930 POYDRAS, LLC**

The next order of business was the request to ratify and increase the amount of bonds requested from \$55M to \$60M. Mr. Cornelius assured the Board that as a watchdog, it could not allow the developer to increase if the amount to exceed what was needed to develop the project. Mr. Thorns asked if there were any other questions. There being none, he requested a motion to ratify an increase in the originally approved amount from \$55M to \$60M. A motion was offered by Mr. Wilson and seconded by Mrs. Marchand.

### **OTHER BUSINESS**

Mr. Thorns informed the Board that he received a letter of resignation from Mr. Hootsell. He then asked for a vote for a new secretary treasurer. Nominations were open. Ms. Good wanted to know if the secretary was also a record keeper as secretary-treasurer. Mr. Thorns advised that there was no labor in record keeping, it was supervisory position. Mr. Thompson then nominated Ms. Good for the position and same was seconded by Ms. Marchand.

Mr. Thorns then informed Ms. Good that all official documents must be signed by the President and the Secretary-Treasurer. A vote was held to name Ms. Good as Secretary Treasurer and the vote passed unanimously.

**OPINION OF ATTORNEY GENERAL IN RE \$16K REIMBURSEMENT TO 521 TCHOUPITOULAS**

A motion to send a request to the State General Attorney for an opinion regarding the IDB vote to pay back \$16K to 521 Tchoupitoulas as reimbursement for the amount it paid to have a cost benefit analysis conducted was made by Mr. Wilson and seconded by Ms. Marchand. A vote was taken and passed unanimously to request State Attorney General's Opinion.

A motion to adjourn the Board meeting was made by Ms. Glenda Jones Harris and same was seconded by Ms. Good. The meeting adjourned at 2:35PM.

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Susan P. Good, Secretary Treasurer



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

**OCTOBER 12, 2007  
12:30 P.M.  
10<sup>th</sup> FLOOR – AMOCO BUILDING  
1340 POYDRAS STREET**

Present:

Jimmie Thorns  
W. Raley Alford  
Darrell Saizan, Jr.

Glenda Jones-Harris  
Susan P. Good

Torey Bullock  
Farrell Chatelain

Sharon Martin, Admin. Consultant, IDB  
O. Ray Cornelius, Bond Counsel, Adams and Reese  
Jade Russell, Bond Counsel, Adams and Reese

Guests:

Don Allison, Advantous Consulting  
Greg Thomas, Times Picayune  
Stephen Stuart, Bureau of Governmental Research  
LaSwana Green, Downtown Development District  
Brian Gibb, 930 Poydras Street  
Paul Simoneaux, Elkins Law Firm  
Creig Brown, Metro Source  
Trevor Williams, Metro Source

The meeting was called to order at 2:08 PM by the President. A roll call was made and a quorum was determined. The president then asked for an introduction of all guests. A motion was offered to accept the minutes of the previous month's Board meeting which passed unanimously.

**TRANSLOAD AMERICA, INC.**

Mr. Thorns presented the first item on the agenda, TransLoad America, Inc. which application seeks preliminary approval. He requested a representative of the applicant come forward to make the presentation. There was a request to have this matter tabled until bond counsel, Ray Cornelius, was present. The matter moved forward and a request for a motion to grant preliminary approval was sought. Mr. Alford stated and reminded the Board that the application was not complete and that if a motion for preliminary approval was granted, he suggested that it be subject to the submittal of a completed application. A motion by Susan Good was offered and

second by Farrell Chatelain. A vote was taken and the grant for preliminary approval passed unanimously.

### CANAL PLACE III

Mr. Thorns asked for discussion on the 3CP issue seeking final approval of its bond issuance and PILOT. The Board was informed that the Cost/Benefit Analysis had not yet been reviewed. After discussions, the Board was asked to grant final on the Bond issuance to move the project forward for State Bond (GO Zone Bond) approval, holding off on the final approval of the PILOT subject to a review of the Cost/Benefit Analysis. After discussions, a motion offered by Farrell Chatelain and seconded by James Johnson to granted final approval of the bond issuance, holding off on the final approval of the PILOT subject to review of the CBA. A vote was taken. There were 4 yeas 3 nays and one abstention:

Yeas: Jimmie Thorns, James Johnson, Torey Bullock and Glenda Jones Harris

Nays: W. Raley Alford, Farrell Chatelain and Susan Good. The vote passed 4 to 3.

### 930 POYDRAS, LLC

Mr. Brian Gibb and Paul Simoneaux appeared on behalf of the Applicant. The applicant request that it be allowed to split its application in two parts - commercial retail and parking would be one application and the residential portion as separate application in order to pursue financing. After questions, answer and discussions, the Board was asked for a motion to grant same. A motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_. A roll call was taken and the vote passed unanimously, granting bifurcation of the application so as to reflect: 930 Poydras Commercial, LLC and 930 Poydras Residential, LLC. After the grant, questions did arise how to handle the CBA as two separate reports. The CBA was completed but not yet reviewed by the Board. It was determined that two separate CBA were necessary.

### RATIFICATION OF APPLICATION FEE INCREASE

Mr. Thorns advised the Board that he arbitrarily increased the IDB application fee to \$3000 so as to cover the expenses the Board incurs in handling applications. After discussion, a roll was taken and the Board approved the increase of the application fee from \$1100 to \$3000.

The meeting adjourned at 3:42 PM

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Susan P. Good, Secretary/Treasurer



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

**NOVEMBER 13, 2007  
12:30 P.M.  
10<sup>th</sup> FLOOR – AMOCO BUILDING  
1340 POYDRAS STREET**

Present:

Jimmie Thorns  
W. Raley Alford  
Darrell Saizan, Jr.

Glenda Jones-Harris  
Susan P. Good  
Tyrone Wilson

Farrell Chatelain  
C. David Thompson

Sharon Martin, Admin. Consultant, IDB  
Jade Russell, Bond Counsel, Adams and Reese

Guests:

Ernest Gethers, City of New Orleans  
James McNamara, Overbroad d/b/aClio Gardens  
Charles Clotworthy, Overbroad d/b/aClio Gardens  
Amy Enchelmeyer, Office of Council at Large, Arnie Fielkow  
Wayne Neveu, Foley & Judell  
LaSwanda Green, Downtown Development District  
Tara Hernandez, Nine27 Apartments  
Stephen Stuart, Bureau of Governmental Affairs  
Josh Collen, HRI/Nine27 Apartments  
Sidney Barthelemy, HRI/Nine27 Apartments  
Steven Hattier, Morgan Keegan  
Michael Spears, M&M Demolition  
Pres Kabakoff, HRI/Nine27 Apartments  
Don Allison, Advantous Consulting  
Pamela Jolly, One Torch  
William Jones, MacFee 3

The meeting was called to order at 12:40PM by the President. A roll call was made and a quorum was determined. The president then asked for an introduction of all guests. A motion was offered to accept the minutes of the previous month's Board meeting which passed unanimously.

OVERBROAD d/b/a CLIO GARDENS

Mr. Thorns requested the representative of Overbroad to step forward and make a presentation to the Board. Messrs. James McNamara and Charles Clotworthy addressed the Board, providing an overview of the project, stating it was a project providing 50 units of modular housing located between So. Gayoso, Erato, Clio and So Dupre Streets. The Board was then advised that Wade Ragas did the Market Study for the development. A request for preliminary approval was requested. After the presentation and following Board questions, Mr. Thorns asked for a motion to grant preliminary approval. A roll call was taken and the grant of preliminary approval passed unanimously 7 to 1 with Mr. Wilson voting not to grant preliminary approval.

Mr. Thorns then provided the developer with the scenario under which preliminary approval was granted, advising that it was a non-binding approval; that a time line must be submitted; that a cost/benefit analysis was required and that it is a three-way contract among the IDB, the Developer and the Consultant. He further advised that a letter would be forthcoming from the IDB detailing the conditions and requirement of a preliminary approval and congratulated the developers.

Because Dr. Horiba, economist for Metro Source, and Mr. McDaniel had not arrived, the matter of Nine27 Apartments was tabled until their arrivals.

STATUS OF ATTORNEY GENERAL'S OPINION

Mr. Thorns requested an update on the letter to the attorney general regarding the IDB's reimbursement of \$16K for the cost/benefit analysis to 521 Tchoupitoulas, LLC. The Board was advised that Mr. Cornelius and Mr. Alford were working on this matter. Ms. Martin was directed to arrange a meeting to include Mr. Thorns, Mr. Alford and Mr. Cornelius to resolve this issue.

OTHER BUSINESS

Mr. Thorns informed the Board that a copy of the current HANO Quarterly Report was included in their folders.

He then informed the Board that the services of Jacob Capraro and Ivan Miestchovich of Economic Analysis Consultants have been engaged to handle some of the pending needs

CBAs. He further advised that Wade Ragas would be handling the Overbroad d/b/a Clio Gardens cost/benefit analysis.

The next issue was the status of IDB accounting matters being handled by Katherine Smith and staff. Ms. Martin advised that there were no reports as the IDB password for Quickbooks had been misplaced and pending the obtaining of this information from SMC to provide or change same, no report was available. As no report was prepared due to accounting issues still being worked on, Ms. Martin was directed to send copies of October expense reports to each Board member when completed. This matter segued into the status of the Audit. The Board was then advised that a meeting had been held to begin the audit with data being gathered as requested by the auditor.

Mr. Thorns then informed the Board of the status of IDB applications before the State Bond Commission for GO Zone Bond financing, advising that communications have established among the IDB, Dr. Blakely's Office of Recovery Management and John Kennedy of the State Bond Commission. He advised that a meeting had been held with the Mayor's office, which office indicated that they had not been aware of the IDB projects. Mr. Thorns assured the Mayor that members of his staff attend each Board meeting and he was surprised that he [Mayor Nagin] was not aware of IDB projects. He [Mr. Thorns] further advised the Board that Dr. Blakely developed policy on projects that sought GO Zone bonding and that his approval on IDB applications going before the State Bond Commission rested with his approval. A copy of the policy was included in the Board packet at the Retreat. He also stated that lines of communication between the IDB and the Mayor's office were now established.

The next issue of business was a re-cap of the Board Retreat held October 12 and 13 at Harrah's Hotel. Mr. Thorns advised that a copy of the Facilitator's report was included in each Board member's folder of material issued today. He informed the Board that public participation was had well attended and he thanked Janet Howard of the BGR for her input. The next step he advised was the setting of Policy and Procedures of the IDB. He also thanked Ray Cornelius and Wayne Neveu for their input, as well as Dr. Blakely, Jade Russell, Sharon Martin and Joyce Matthews.

The next order of business was the discussion of changes to the application, to which Mr. Thorns directed the Board to a copy of the changes suggested by Mr. Ray Cornelius. It was recommended that a committee convene to review the suggestions and changes to the IDB application and that Board members review the document, sending their concerns and input to Mr. Alford.

Mr. Thorns then addressed the issue of press conferences held by developers and the lack of recognition and appreciation of the work done by the IDB in the process. Mr. Thorns cited as an instance the Domain Properties press conference wherein the developer failed

to acknowledge the IDB. On the other hand, he acknowledged and thanked Marc Robert who acknowledged the work of the IDB at the grand re-opening of the Robert E. Lee Robert's Supermarket.

Mrs. Good then advised there were no signs at the Walgreen. After Board discussions, it was stated that the IDB needs to take a more proactive stand in making sure developers understand the integral part the IDB plays in bringing their project to fruition; that the IDB is acknowledged at any and all press conference especially at groundbreaking.

1026 CONSTANCE, LLC d/b/a NINE27 APARTMENTS

Mr. Thorns asked the application representative to come forward. Josh Collen distributed new elevations of the Nine27 project. Mrs. Hernandez took the floor and advised that at the last meeting of the Board, there was an issue regarding the minimum amount of the Bond requested, \$100K, and the need for an Attorney General's opinion regarding minimum amount. She advised that it was her understanding that Mr. Neveu and Mr. Cornelius worked on this matter and that after conversation with Tina Grant of the State Attorney General's office they were advised that there is no minimum bond amount requirement. Mrs. Hernandez then informed the Board that they opted for a \$15K per unit cost, bringing the new bond request to \$1.14M. There was no written opinion.

It was noted that Dr. Horiba nor Mr. McDaniel were present at which point Mrs. Hernandez continued with an overview of the development and stated that after review of the Cost/Benefit Analysis the Board please consider granting final approval so the matter could be heard at the upcoming State Bond Commission meeting this Thursday.

Mr. Horiba arrived and made a presentation of his findings in producing the CBA. He stated the developers are seeking an 18-year PILOT in connection with the development. He stated varied assumptions were conducted – one assumption brought forward the project 6 years and considered the vacant lot and prior Katrina difficulties. Six years, he stated seemed to be one way of looking at the robustness of the bottom line. He stated that although there were varied assumptions, the bottom line shows each assumption gave a healthy return to the City and are consistent with his calculations. Despite the varied assumptions, the returns in each assumption shows a great return to the City based on quantifiable returns to the City.

Questions were raised regarding rent rates. Mr. Collen advised that market rate rents applied to 80% of the units and ranged from \$1100 - \$1700 for one and two bedroom units. Affordable housing was on 20% of the units and rents ranged from \$300 - \$400 per unit - the look of all units were the same. The Board was informed that after 18 years, the units could be converted into condos with property taxes being assessed on the

units. This condo conversation would take place after 2026. This conversion would result in \$12M in benefits to the City. If in 2026 there is no sale and no conversion there would be a benefit of \$800K to the City.

Mr. Wilson asked Mrs. Hernandez how soon they needed approval from the IDB to close their project further stating the Board was not ready to vote but that he would be willing to reconvene in a couple of weeks. Mrs. Hernandez asked if they Board would be willing to listen to the report of Mr. McDaniel.

Mr. McDaniel took the floor stating that he would first like to address the benefits of the 18 year PILOT which stood out. Firstly, the City would not receive 60+% of the benefits until the end of the PILOT period. He stated that he asked Metro to fine tune its numbers accordingly. He stated that if the project doesn't convert, it goes into a regular market rate thus the City would not get optimum value. When you look at the project, the cost to the City is high and low income housing must be subsidized. There is a financing component tied to the PILOT. The 18year PILOT is a critical component to the project. From an economic standpoint,, this does not look like a great deal but there are some intrinsic value one of which is the City's need for affordable housing which serves as a catalyst, adding to the market place. This project could spur economic development. He recommended approval of the project. A rough draft of his executive summary was distributed.

Note: The current taxes are \$26K.

Mr. Kabacoff interjected there is a momentum of projects such as this at this time and that stopping the project is costly. The project is not making much money he stated.

Mr. Wilson informed the developer that the Board just got the CBA today and that it was his opinion that the Board was not ready to vote. Mrs. Hernandez asked what would be the soonest the Board could reconvene. Mr. Thorns then stated with regard to the review of the CBA he acted pursuant to Committee Chair request in light of the CBA Committee being temporarily suspended wherein after such suspension he engaged the services of Mr. McDaniel to review the CBAs on behalf of the IDB; and that Mr. McDaniel provides both an oral and written report on his analysis of the CBA. Mr. Wilson stated that he wants to get Mr. McDaniel's recommendation on CBAs.

After consideration of the presentation of the CBA by Dr. Horiba and the findings of Mr. McDaniel, Mr. Thorns asked the Board if it was ready to vote on final approval of the Nine27 project. Mr. Chatelain commented that the property in question was not developed during the economic boom and that the developer, as he sees it, is sticking its neck out in a recession to bring the City back. He stated that he was ready to vote.

A motion was made by Mr. Saizan and seconded by Mrs. Good to vote on granting final approval in connection with the 1026 Constance, LLC d/b/a Nine27 Apartments. A roll was called and a vote reflects 6 yeas, 1 nay and 1 abstention.

A motion was made to adjourn the meeting.

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Susan P. Good, Secretary/Treasurer