



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

**JANUARY 29, 2008
12:30 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET**

Present:

W. Raley Alford, III
Glenda Jones Harris
Darrell J. Saizan

Torey Bullock
Susan P. Good
C. David Thompson

Walter C. Flower III
James Paul Johnson
Tyrone A. Wilson

Absent:

Farrell Chatelain
John Koch

Nina H. Marchand
Jimmie Thorns, Jr.

Ernest P. Legier, Jr.

Others Present:

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

Guests:

Gionne Jourdan, Michaels Development Co./ New Savoy Place
Dell Dempsey, LED
Gen. David Mize
Damon Burns, Morgan Keegan
Jeff Thomas, Office of Recovery and Dev. Administration, City of New Orleans
Eddie Scott, HANO
Tom Dutel, Tatty Co.
Brandy Citizen, Office of Councilman Arnie Fielkow
Don Allison, Advantous Consulting
Terri Franklin, Regions Bank
Michon Copelin, Doucette & Doucette
Stanley McDaniel, The McDaniel Group
Lee Bressler, Morgan Keegan
Steven Hattier, Morgan Keegan
Tara Hernandez, JCH Development
David Waldheim, 2400 Canal, LLC
Robert Evans, 2400 Canal, LLC
LaSwanda Green, Downtown Development District

Lucy Chun, ReMax Commercial-Asian Chan.
Jordan Monsour, Elkins, PLC
Matt Eaton, Re-Max Commercial
Im. Hoygo, Nuvote, LLC
Karl Kelhor, RETG
Brian Gibbs, Brian Gibbs Development
Patrick Quinn
Dawn Hopkins, LSU
David Crias, Grais Group, LLC/Merrill Lynch
Patricia Morris, Bureau of Governmental Research
Jacob Capraro, Economic Analysis Consultants, LLC

The meeting of the Board of the Industrial Development Board was called to order at 12:39PM by the Secretary-Treasurer, Susan Good, who acted as *ad hoc* presiding officer in the absence of the President and the Vice-President. A roll call was taken and a quorum was present. An introduction of guests was requested and held.

It was noted that new appointee/Board member, Walter C. Flower III had been sworn in and recognized as the newest appointee of the Board by Mrs. Jackie Clarkson.

A request by the Secretary-Treasurer for a vote for acceptance of the December 2007 minutes was offered by W. Raley Alford, III, seconded by C. David Thompson, and approved without objection.

The first order of business on the agenda was as follows:

FIDELITY INVESTMENT HOLDINGS

Attorney David Wolf presented the overview on behalf of the Fidelity Investment Holding. He informed the Board that: 1) the applicant is seeking not exceeding \$6M in GO Zone bonds, if qualified; 2) the project consisted of a rehabilitation of a shopping center located in Algiers, La. and is for improvements only; and 3) applicant does not seek a PILOT although it is listed in the application. He presented a preliminary approval resolution and gave details of the Resolution for Board consideration and preliminary approval. Mr. Jordan Monsour of Elkins, PLC, attorney for the developer, interjected that the PILOT is of no economic benefit and that the client would like to proceed to obtain tax-exempt bonds with low interest rate, i.e. GO Zone bonds.

There being no further questions or discussion, Mrs. Good requested a motion for preliminary approval. A motion was offered by Mr. Thompson and seconded by Mr. Darrel Saizan. A vote was taken and preliminary approval was granted unanimously upon vote.

The applicant was advised of the conditions upon which preliminary approval is granted, including the requirement for a time line; the production of a cost/benefit analysis; and that a letter detailing these requirements would be forthcoming within the next few days.

2400 CANAL, LLC

Attorney David Wolf presented the request for preliminary approval informing the Board that the proposed development consisted of the rehabilitation of the old Pan-Am Building on Canal Street; proposing to convert the building into a commercial and residential establishment; both taxable bonds and a PILOT are being sought. Applicant representatives, Robert Evans and David Waldheim were introduced. They advised that the building is the former City Hall Annex and is listed as a historic landmark with the National Register of Historic Places; and that IDB approval is critical to the process. Mr. Steven Hattier of Morgan Keegan interjected that the primary target for the facility would be nurses' residence, office space for the medical industry to compliment the new medical complex that is being proposed for the New Orleans area; and he clarified that "retail" entails office rental.

Questions were raised as to the location of the development and whether the land on which the development is being proposed was in the area in which the new hospital was being planned. Mr. Evans informed the Board that this particular parcel was in the "black" and safe; further advising that the City has informed them to "go forward". He and Mr. Waldheim confirmed that they have met with City officials. The timeline for the proposed construction of the project is 10 – 14 months.

Mr. Thompson asked the developers to spell out the advantages of having a historic site. The Board was advised that the Federal government offers renovation tax credit on eligible projects, representing a 26% tax credit for rehabilitation and that this tax was a pass through. Mr. Thompson advised that it was germane for the Board how this tax credits work and that he would like to see an analysis of the project to determine viability of project. Mr. Thompson then asked why a "ten-year abatement"? Why not a "15-year abatement"? He stated that he would like to see the affects of both scenarios in the CBA.

Mr. Tom Dutel, who owns property at 2435 Banks Street near the proposed project, advised that if not mistaken, the proposed project is included in the area of the intended VA Hospital and that he witnessed architects viewing the area (all of whom were from Ohio). He is under the impression that the land on which this development is being proposed encompasses land for the VA Hospital. He stated that he could not see the IDB approving a project that would appear to be torn down later. Mr. Dutel was informed that the IDB, in order for the project to move forward, could give preliminary approval; that the final instrument that would determine final approval of the project would be the Cost Benefit Analysis.

The Secretary-Treasurer asked for a motion to approve or not approve. A motion to grant preliminary approval was offered by Mr. Saizan and seconded by Mr. Alford. A vote was taken and the vote passed unanimously.

The applicant was informed of the conditions upon which preliminary approval is granted, including the requirement for a time line; the production of a cost/benefit analysis; and that a letter detailing these requirements would be forthcoming within the next few days.

New Orleans Federal Alliance (NOFA) d/b/a Federal City

Attorney David Wolf presented this matter to the Board, advising that the applicant seeks \$150M of bond financing and that the representatives of the project were present. The request was not for the issuance of tax exempt bonds or a PILOT but only that the IDB would serve as a conduit for the bonds to be repaid from funds appropriated by the State. Gen. David Mize confirmed. Mr. Wolf reiterated that if the applicant is not seeking a PILOT, therefore, there is not a need for a cost/benefit analysis. Gen. Mize took the floor and thanked to the Board for reconvening as quickly as it did. He then introduced Ms. Del Dempsey, State Dept. of Economic Development, who serves as the lead person in the State's interest in this development. She advised that the objective of the development was to maintain the current job count and keep that job count growing; she advised that former Governor Kathleen Blanco supports the project and that it is now in its final stages. They are optimistic that this will be a great economic development project for the City and State.

A motion to grant preliminary approval was offered by Mr. Thompson and seconded by Mr. Saizan to grant preliminary approval.

Questions were then raised:

Mrs. Harris: How many non-military jobs were projected for the development?

Gen. Mize: Combined federal and non-federal – 1st phase – 2600. Optimum 10,000 with 2500 military.

Ms. Dempsey advised that if the project is not approved, the State could lose the base and that it is critical to move forward at this point. Mr. Saizan then interjected that understands and recalls that the base narrowly escaped closure. Gen. Mize confirmed this statement, advising that he took the matter to the BRAC commission and the recommendation was changed. Only the East part is closed. He also confirmed that the model for the proposal was based on one in Brook City in San Antonio, Texas.

Mr. Tyrone Wilson stated with emphasis that he believed the project to be one of the most important projects of the City and that with respect he would hope that the IDB would push this matter to the forefront of all applications pending. He asked to have a previously offered motion for grant of preliminary approval amended to include placing this application to the head of the line. The request for the amendment was accepted by Messrs. Thompson and Saizan. A vote was taken and the vote passed unanimously.

The applicant was informed of the conditions upon which preliminary approval is granted, including the requirement for a time line; the production of a cost/benefit analysis; and that a letter detailing these requirements would be forthcoming within the next few days.

930 Poydras Apartments, LLC/930 Poydras, LLC

Mr. Stanley McDaniel of the McDaniel Group and consultant to the Board to review the Cost/Benefit Analysis, took the floor. He began his presentation by informing the Board that Metro had completed the split of the CBAs and that his purpose was to look at the economic impact of the PILOT. (The Board had been previously provided copies of the McDaniel Report). Mr. McDaniel went on to advise this project consists of a single 21-story development divided into two (2) separate projects with a two-story atrium lobby. The project was bifurcated in order to take advantage of new market tax credit available for retail projects only; and, the financing offered by HUD on the residential/apartments through CAPMark with guarantee by HUD. The only way to take advantage of these financing incentives was to split the project. The first component is a retail project consisting of parking (8 stories totaling 509 spaces) with ground level retail. The second component includes 250 apartments (1 & 2 bedrooms) on floors 9 thru 21. He further advised that the briefing shows the breakdown of the apartment composition. The applicants are seeking a 15-year PILOT in the amount of \$3.6M to help with project financing. Note: the PILOT is \$43K per year for 15 years (assessed land value as of today) and, the foregone taxes, over the life of the PILOT, is \$3.6M (land and improvements included over the 15 years).

He advised the equity is \$6M in the apartment component and \$5M in the garage/retail component. The rate of return on equity for 10 years for the apartments and garage is approximately 9% and 11%, respectively. He advised that there is a 1.7 to 1 ratio in favor of the Developer. (See: Summary of CBA in McDaniel Report). He further informed the Board that HUD considers this project to provide work force housing. Work force housing is 150% of the area median income (\$52K - \$78K).

In conclusion Mr. McDaniel advised that there is a significant equity commitment on the part of the developer; the site on which the development is proposed has been vacant for the past thirty (30) years; that given the risk on the part of the developer and the level of commitment on the part of the developer; he would recommend a 15-Year PILOT for both deals. He added that the project is owned by the Gibbs family.

Questions were then raised. The Board was advised by Mr. Gibbs that each apartment was approximately 630-700 square feet; there were 145 1-bedroom (\$1200 per month); 105 2-bedroom (\$1600 - \$1700 per month) and townhouses (\$1900 per month); Current taxes are approximately \$43K. The developer is proposing to pay this amount plus for the 15 years requested in abatement. A question was then raised as to whether or not the apartments could be converted into condos. Mr. Gibbs advised that there was a 10-year lock on the project by HUD; he further advised that the vacancy rate at the Civic Loft is two (2) apartments.

Mrs. Good informed Mr. Gibbs that in a past project approved by the Board, the Board opted to negotiate terms on the PILOT with a claw back that included a “sliding scale”, e.g., that if you [the developer] do better than projected, the City also reaps the benefits. Mr. Gibbs advised that

the tax savings is allowing him to borrow and that same would need to be addressed by the Borrower but that he agrees this would be fair. Mr. Wolf commented that the project referred to by Mrs. Good was the Domain projects which was a taxable bond-financed project with a PILOT arrangement. In that case, the Board required a “claw back” provision wherein the developer was prohibited from making certain distributions to its members unless it increased the amount of its PILOT payment up to the full amount of taxes that would have been due had the project not been owned by the IDB, and that these terms were written into the Lease Agreement.. The mechanism engaged to ensure the reporting to the Board was the developer’s financials.

Mr. Gibbs stated that because this a new structure, without historic credits, he wished to keep the matter simple and that he was willing not to make an over incentive.

Council at Large, Mrs. Jackie Clarkson, was then recognized. She took the floor and thanked the Board for swearing in her appointment, Mr. Walter Flower and thanked Mr. Wilson for prioritizing the approval and the moving forward of the Federal City project. She then inquired if deals before the IDB were subject to any particular criteria including a certain amount of equity investment on the part of the developer; she believes there should be private equity involved in projects that come before the City and the IDB. She advised that the City’s 106 loans insure pay back with a trust fund so the City can be repaid off the top. She advised that the City plans to create criteria for TIF projects.

Mr. Wilson then responded stating that the IDB looks at developer equity and that the IDB does consider that aspect of investment. Mrs. Clarkson then reminded the Board that there are so many tax credits, a plethora of tax credit and incentives, available and that the City doesn’t want to supplement equity with these incentives in order to make a project work. Mr. Wilson and Mrs. Clarkson agreed that “No Risk – No Return” should be the way to go.

Mrs. Clarkson also stated that there should be no need to overburden the housing market and thanked the Board for allowing her to interject her thoughts and appreciations. She thanked the board for serving and advised that she is available if needed. She further stated that she would like to see criteria from the IDB to make the public feel better.

Mr. Wolf then stated that Mrs. Clarkson makes a good point in that a minimum equity requirement has never been adopted for projects seeking bonds through the IDB which serves only as an intermediary, a conduit, in the bond-financing of a development. Generally, financing participants determine equity requirements for bonds to be sold rather than the IDB. In other words, the financial markets, i.e., underwriters, rating agencies and credit enhancers, won’t let projects go forward without an adequate equity investment on the part of the developer.

Mr. Thompson then asked for a discussion round-up and asked that the Domain property be looked at; that stated there are still questions of a 15-year necessity in this matter. He asked if the Board votes today or handles the voting at a subsequent meeting.

Mr. Gibbs then stated that he is trying to close this deal by March and that the IDB final approval is the last piece of the puzzle. Mr. Wolf then advised the developer and the Board that issues of

concern are being addressed; that this meeting is only to give final approval of the CBA; when the developer has determined all financing, then he comes back to the Board for final approval. It is at this time that the developer shows proposals for claw backs to be included in list of negotiations for final PILOT approval. Mr. Gibbs advised that he would like to come back in February and advised further that HUD is in final review of the package; and that he has received bank approval already for the garage. Mr. Alford then asked if Mr. Gibbs would present to the Board before the next meeting claw back provisions.

Mr. Wilson then asked a procedural question in light of the review of the cost/benefit analysis for the project: "When does the Board give final approval?" Mr. Wolf explained that the matter on the agenda at this meeting was simply to accept the CBA, but that the project was not ready for final approval of the bond issue, financing structure and bond documents, because these had yet to be determined.

NEW SAVOY PLACE, PHASE I

The review of the cost/benefit analysis was presented by Mr. McDaniel. He informed the Board that this \$31.7M housing development project and community center, is located on 98 acres of a previous housing project/development. The developers are seeking \$18.6 in bonds from the IDB and a 30-Year PILOT. The developments consists of 155 units of which 105 would be public housing replacement units and twenty-five (25) low-income housing tax credit units, and twenty-six (26) Project Based Section 8 units.

The Project would predominately serve residents with incomes at or below sixty (60%) percent of Area Median Income (AMI), or \$31,000 as establish by HUD. AMI in Orleans Parish is approximately \$52,000 for a family of 4. Mr. McDaniel described the configuration of the complex and the population that it would serve. He added that after income and expenses there is no excess cash - money is not made on public housing.

Mr. McDaniel introduced Jake Capraro of Economic Analysis Consultants, the contractor which produced the cost/benefit analysis. Mr. Capraro spoke of the model used to create the CBA. He advised that they took the project investment and used various data from governmental sources to produce output numbers, including multipliers. He went on the provide details used to reach CBA analysis conclusion, including tax output, every ripple affect being measured, to value added and labor component. A question was raised as to how the abatement is calculated.

Mr. McDaniel recommended to the Board, after his analysis and presentation, that given the marginal net income over the first 15 year period and the necessity for affordable housing to be constructed and sustained, that IDB authorize a 100% tax abatement for 30 years for the public housing units and 15 years for the Section 8 and 4% LIHTC. Thereafter, he explained, the non-public housing portion of the project should be assessed at the then market tax rate. The recommendation for the 30-year abatement for public housing was supported by the Attorney General's opinion that the Board could authorize tax abatements to a private developer who was

developing public housing. After discussion, it was determined that the Board would not vote on the CBA.

AUDIT

Mrs. Good informed the Board that she and Sharon Martin, met with the auditors and that the conclusion was that the Board a clean audit; that the matter could be reviewed and discussed for approval at the next board meeting; including discussions of the engagement of the auditor for the preparation of the 2007 audit.

BUDGET

Mrs. Good presented for discussion the proposed budget. Items on the budget were discussed but in particular Mrs. Good was interested in establishing a limit on amounts that could be approved for emergency spending without specific Board approval, when those items are not shown in the budget, but may come before her, Mr. Thorns or Mrs. Marchand for payment between meetings. She hoped that it could be adopted today. A motion was made by Mr. Saizan and seconded Mrs. Glenda Harris. Before the motion could be verbalized, discussions ensued and Mr. Flower suggested that perhaps a 10% leeway could be given on top of the proposed \$114K for emergency purposes. Discussions further were held and it was suggested that as a motion the Board could consider any extra expenses outside of the proposed budget by poll for a vote of approval. Mr. Wolf pointed out that the Open Meetings law does not allow the IDB to take action by telephone poll. The motion to establish a 10% leeway for emergency spending was motioned by Darrel Saizan and seconded by Mrs. Harris and approved without objection.

Mrs. Good stated there was one thing that she would like to bring to the Board's attention: Contract for Sharon Martin's work. She felt the contract which had not been approved should be approved by the Board. And that at this time she had no signed copy. A signed copy was presented. She advised that Martin serves as an independent contractor with no holiday pay, no vacation pay, and no insurance; and that the contract may be terminated with written notice on either party's part in 30 days. She requested that a signed copy the contract between the IDB and Sharon Martin be placed in the file. She asked that after review, that the Board ratify the authority to sign contracts. By motion of Mr. Alford and seconded by Mr. Flower the board approved to continue payments to Sharon Martin until the contract has been ratified for approval by the Board at the next board meeting. There was no objection and the motion carried.

Mrs. Good asked that copies of all contracts including Sharon Martin, Katherine Smith (the accountant) and Stanley McDaniel (the CBA review consultant) be submitted by the next Board meeting.

OTHER ISSUES

IDB Banking: Mrs. Good advised that there is close to \$200K in the IDB checking account. She asked for the adoption of an investment policy and asked what the City does with money in an

account. She advised that the IDB currently has a CD and that it formerly had a T-Bill which has since matured and never reinstated. Sharon advised that the suspension of the T-Bill is the reason for the amount in the checking account as when it matured through Chase Investment, it was automatically transferred to the checking account, including interest earned. Mrs. Good asked if Mr. Wolf would provide the Board with examples of other governmental agencies' investment policy. Mr. Wolf stated that he would send same to Sharon Martin for distribution.

As a motion for emergency spending was still on the floor, Mr. Chatelain advised the Board that it was his recollection that the Board had already approved an amount that could be approved by the President, Vice President and Secretary Treasurer for emergency was \$1200 which would later be ratified by the Board. A substitute motion was offered by Mr. Saizan and seconded by Mrs. Harris which called for amending the previously stated motion regarding emergency spending which amendment keeps the emergency spending a \$1200 until such expense is ratified by the Board. The motion carried without objection.

There was a motion by Mr. Saizan, seconded by Mr. Alford and approved without objection for adjournment of the meeting.

Susan P. Good
Secretary Treasurer



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CITY OF NEW ORLEANS, LA, INC.**

**FEBRUARY 19, 2008
12:00 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET**

Present:

W. Raley Alford III
John C. Koch
Jimmie Thorns, Jr.

Walter C. Flower III
Darrel J. Saizan, Jr.
Tyrone Wilson

Susan P. Good
C. David Thompson

Also Present:

Sharon Martin, Administrative Consultant
David Wolf, Bond Counsel, Adams & Reese
Jade Russell, Bond Counsel, Adams & Reese

Absent:

Torey Bullock
Ernest P. Legier, Jr.

Farrell J. Chaelain, Jr.
Nina Hebert Marchand

James Paul Johnson
Glenda Jones-Harris

The Board meeting was called to order by the president at 12:50PM. A motion to approve the minutes was offered by Mr. Alford and seconded by Mr. Saizan and passed without objection.

701 BARONNE

The President informed the newly arrived Board members that a review of the 701 Baronne, LLC was had and asked for a motion to grant preliminary approval. On motion of John Koch, seconded by Raley Alford a vote was taken and preliminary approval was granted 6 – 2: The Yeas: Alford, Good, Koch, Saizan, Thompson and Thorns; the Nays: Flower and Wilson. The vote passed. Ms. O'Byrne was offered congratulations. Mr. Thorns then asked for indulgence while he explained the conditions upon which preliminary approval is granted. Further advising that it is non-binding on the part of the IDB and the applicant and that it gives the applicant time to pursue continuance of its application through to the State Bond Commission; the approval also requires the engagement of a 3-party cost/benefit analysis agreement the cost of which is borne by the developer/applicant. He finally advised that the letter delineating these conditions would be forthcoming from the IDB.

POYDRAS PROPERTIES HOTEL HOLDINGS, LLC

Mr. Christopher Robertson presented the matter as applicant representative, advising that he is a managing partner and owner of two office buildings (Energy and 1250 Poydras) near the Hyatt; he further advised that he acquired the old Hyatt for redevelopment, adding 50K square feet of exhibition space and 25K square feet of additional ballroom space will be added; the entrance to the Hyatt would change to enter on Loyola. The construction requires a \$194M budget. There will also be additional parking added later to accommodate the additional facilities being building. He stated that the LLC actually owns the hotel and that the architect and designer had already been selected. He stated that they intend to use the Hyatt's personnel and have executed a management agreement with the Hyatt to ensure same, bringing back Mr. Michael Smith, the former general manager. His partner in this development is Apollo Real Estate out of New York who will help capitalize the development; a feasibility study is being done. He stated that the City is in need of hotel space and additional convention space which the Hyatt would offer. He further stated that he now needs financing to make the project cost effective. He stated that limited liability corporation will be seeking a 20-year PILOT - a 100% freeze on first ten years and a 50% reduction in the second ten years. In answer to Mr. Thorns' question re ownership, Mr. Robertson advised that the property has been owned since December 28, 2007 and was purchased "as is". The hotel is currently in remediation condition and ready for reconstruction. Ownership includes land and building.

With regard to servitudes there are servitudes between the office building and the Hyatt; an alley servitude; another between the Super Dome and Energy building and there will be a required closure of the mall – all other servitudes will be stay in place. He stated that he owns every other building surrounding the hotel. The purchase price of the building was \$37M.

With regard to payment of property taxes, Mr. Thompson stated that there was a need for clarity concerning the current taxes of \$837K and the payments that were made. Mr. Karl Kehoe of the Real Estate Tax Group was recognized and interjected that the previous owner lodged an appeal on the taxes being sought.

Mr. Saizan then stated that after reading the application the issue which stands out is the fact that the Hyatt's opening will be on Loyola and believes this will assist in the recovery of the area. Other questions arose one of which concerned the hotel market occupancy to which Mr. Robertson answered the market is not where it was pre-Katrina but that it is currently 50% ahead of what was projected. He stated that the city is expected to stabilize around 2009-2010.

Further questions consisted of the equity in the hotel to which Mr. Robertson advised that the best case scenario was 20% and worse case – 45%. Retail space of 200K square feet would consist of meeting space, having the largest capacity in the city, second largest in Hyatt chain the largest being Chicago. The only retail will be a ground floor restaurant. It was then interjected by a Board member that the IDB is interested in the use of locals in the rebuilding of the city and a commitment to New Orleans. Mr. Robertson informed the board that after Katrina, his were

two of the first two buildings repaired and opened and that they kept their tenants. He is definitely committed to New Orleans.

Mr. Alford then informed Mr. Robertson that the last hotel project that came before the Board seeking a PILOT was denied and that he was concerned with competitive balance in granting such PILOTS. He stated he was aware that tourism was the driver of the economy but how does his project compare with what his competition is paying; is there an unfair advantage that other businesses do not have? What are they paying? Mr. Robertson stated that he is not looking for an advantage over his competitors but that his equity investment in the project is significant. Mr. Koch then interjected that he has a hard time considering a 20-year PILOT but is happy the hotel is coming back to New Orleans.

Mr. Thorns then asked for a motion to grant preliminary approval. (Note Ms. Harris arrived during this discourse increasing the quorum number.) A motion was offered by Mr. Saizan and seconded by Mr. Flower; the vote taken reflected the following: 8 – 1; Yeas: Alford, Flower, Good, Harris, Koch, Saizan, Thompson and Thorns; Nays – Wilson.

Mr. Robertson was congratulated and advised of the conditions upon which preliminary approval is granted and that a letter delineating same would be forthcoming from the IDB.

930 Poydras Apartments, LLC and 930 Poydras, LLC

This matter required clarity on what the Board had previously heard concerning the Cost/Benefit Analysis. Mr. Alford stated that he did not understand the approval process. Were they voting on the analysis and not voting on the delivery? He stated there was a need for understanding the process of approval and requested discussion.

Mr. Wolf took the floor and consulted that the Board was not granting final approval. Final approval would come about when financing terms have been determined which terms have not been presented yet. Mr. Wolf stated further that the developer should, as a matter of process, present his request for a PILOT before the CBA is done; feasibility would have to be determined from this proposal as the PILOT proposal is a key point of the developer's package to the IDB. He emphasized that the CBA is a report required by the IDB as a matter of policy, it is not a step required by law or the State Bond Commission – it is a middle step by the IDB. The Board gives final approval when bond financing is determined. This is yet another step in the process.

Mr. Thorns then interjected that the cost/benefit analysis is a tool used by the IDB. Mr. Wilson then asked then what occurred last month? What does it mean when the Board approves the CBA? When we accept the CBA what are we saying? Mr. Thorns stated that on the backend, the receipt of the CBA should be acknowledged. The CBA should explain what the IDB wants know about the developer's proposed benefits to the City; do we accept the conclusions of the CBA and what the developer is proposing it will deliver? The CBA is something the IDB uses to make a prudent decision in negotiating a PILOT.

Mrs. Good stated that she still has a problem with consultant getting all information from the developer and, with regard to the explanation of the CBA, it didn't come out any clearer to her.

Mr. Thorns reminded the Board that it once had a CBA review committee that received and reviewed the CBA and made a recommendation to the Board. Because of a lack of time, we hired someone to review the CBAs on behalf of the committee. We [the Board] need to say what we want and provide the listing of our needs within a reasonable time on each project. Mrs. Good stated that the CBA that came in the most clear, to her, was the 521 Tchoupitoulas project and it was done by the developer. She stressed that she is aware that every project is different but this one was the clearest.

Mr. Wolf then stated that part of the problem is that the developer should come to the Board in the beginning with what they want and then the CBA should work from those set of specifics set forth by the developer. It is important to note that each project is different and housing is the hardest to analyze. The IDB needs to determine its needs so as to understand the CBA and understand what the IDB can and would do in negotiating the PILOT.

Mr. Alford stated that generally speaking, we are all volunteers; the City can give us an objective criteria. We need to look at the criteria as set forth by Dr. Blakely – the IDB might be better served if he could do a similar listing focused on reduced taxes. He stated the matter at hand [930 Poydras projects] has been through the process and there is no sense of sending it back to the drawing board; claw backs have been listed and that he is prepared in this instance to vote on the matter.

Mr. Thorns stated that there have been meeting after meeting and there is a need for a consensus on what the IDB wants e.g., what the IDB needs or wants addressed in the CBA, where from?; reappoint committee or in place thereof, keep the McDaniel Group who can provide analysis; review matter prior to Board meeting so as to be prepared to act at the Board meeting.

Mrs. Good stated that that could be helpful – a special board meeting to come up with scenario. Mrs. Jones-Harris stated that her concern was having enough Board members participating at the meeting – if a meeting is set will there be enough members in attendance to make decisions? Mr. Flower stated that he agreed that maybe we should get Dr. Blakely involved in a meeting which could lead to a final path.

Mr. Wilson interjected that the IDB has outgrown a “volunteer organization” and that the Board has not dealt with the issue. The board could have meeting after meeting but the Board needs to pay to keep operating. Mr. Thorns reminded the Board that it is only because of the recovery of New Orleans that the demand has increased so significantly.

Mr. Flower interposed that all board members want to do what we can to foster economic development and each is willing to work but there is a need for a formula on these projects with regard to the cost/benefit analysis that is to be prepared.

Mr. Thorns then asked if it is possible to hold a special meeting a week from today concerning the issues addressed today. It was then suggested that Dr. Blakely’s help be sought. Mr. Alford stated that we need to remember that we are talking City tax dollars; that the City has a huge

interest in each project and that the policy should incorporate one economic development policy. It was recommended that each member get a copy of the Blakely policy. It was then suggested that the special board meeting be held on February 26 or 27. Sharon is to get with each Board member to determine availability.

Mrs. Good stated that the Board should talk to Arnie Fielkow to discuss the need for a paid executive director – not full time – others have paid directors. She then reminded the Board that the City is working on a TIF criteria. There is no reason we cannot ask. Mr. Wilson then interjected that this “one person” would replace Jimmie. There is a need for a staff. Mrs. Good then stated that if an economist was hired, that would eliminate the need for two or three people.

Mr. Thorns then asked to have focus redirected to the 930 Poydras projects. Mr. Koch then questioned enforcement measures. Mr. Gibbs stated that he will require an audit which he will pay for; that he has an equity investment in the success of the project. Current taxes are \$43K.

On motion of Darrel Saizan, seconded by Glenda Harris, the Board agreed to acknowledge receipt of and accept the analysis of the cost/benefit analysis prepared in the 930 Poydras and 930 Poydras Apartments, LLC matters, as well as the PILOT proposal submitted by the developer that included claw backs. A vote was taken, the vote passed 8 – 1; 8 – 1; Yeas: Alford, Flower, Good, Harris, Koch, Saizan, Thompson and Thorns; Nays – Wilson.

Wayne Neveu asked to be recognized. Mr. Neveu informed the board that public housing project of the New Savoy requested a 30-year PILOT for Phase I and all is 100% tax credit; The City Council approved the IDB to help HANO redevelop these sites to create housing which is for a diverse mixed-income for New Orleans. They are partnering with a private developer. He advised that tax credit markets have plummeted; recovery at risk because of delays so far. At this time, Jeffrey Thomas of the Office of Recovery and Development Administration interjected that the New Savoy Place project is clearly in line with City’s economic development policy.

Mr. Thorns stated that Sharon would get in touch with everyone for a meeting on Feb. 27, 2008 and he hoped that there would be involvement by each member.

Mrs. Good made a motion to have the matters continued until the special meeting and same was seconded by Raley Alford. The motion passed unopposed. The meeting adjourned.

Susan P. Good, Secretary/Treasurer



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

**FEBRUARY 27, 2008
3:00 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET**

Present:

W. Raley Alford III
John C. Koch
Jimmie Thorns, Jr.

Walter C. Flower III
Darrel J. Saizan, Jr.
Tyrone Wilson

Susan P. Good
C. David Thompson

Also Present:

Sharon Martin, Administrative Consultant
David Wolf, Bond Counsel, Adams & Reese
Jade Russell, Bond Counsel, Adams & Reese

Absent:

Torey Bullock
Ernest P. Legier, Jr.

Farrell J. Chaelain, Jr.
Nina Hebert Marchand

James Paul Johnson
Glenda Jones-Harris

Guests:

Steven Hattier, Morgan Keegan
Wayne J. Neveu, Foley & Judell
Kate Moran, Times-Picayune
Holly Barham, Foley & Judell
Tom Crumley, Woodward Interests
Damon Burns, Morgan Keegan
Steven Gill, The Gill Law Firm, LLC
Creig Brown, Metro Source
Carliss Knesel, Hancock Bank
Bud Wyckoff, B. W Development
Jeff Fabacher, B. W. Development
Terri Franklin, Regions Bank
Karl Kehoe, Real Estate Tax Group
Ivan Miestochovich, U. N. O./Economic Analysis Consultants
Jacob Capraro, Economic Analysis Consultants
Drew Moroch, Latter & Blum

David Crais, CMG, LLC
Jackie Clarkson, City Council, New Orleans, La.
Arnie Fielkow, City Council, New Orleans, LA

The meeting opened at 3:10 PM by the President with introduction by all guests. Mr. Thorns assured that Metro Source and Economic Analysis Consultants was represented as the meeting concerned the processes of the Cost/Benefit Analysis.

John Koch began with question with the question: Who engages the CBA agreement? Mr. Thorns explained that the Board engages in a three-legged agreement with the economist, the developer and the IDB. Mr. Koch then asked if payment by the developer rendered any concern of a conflict of interest; is there a better way of structuring this part of the CBA process perhaps developing a standard fee by the Board to the developer. Mr. Thorns stated that the Board does not want to place itself in line of any liability but that the IDB must have control and has had control since the CBA inception in terms of how the CBA is formatted, paid for and its contents. The process ensured there is no liability on the part of the Board and City. Mr. Koch then asked if there has been any instance where the Board has declined the recommendation of a CBA. Toni Weiss was asked to be recognized who answered that in the instance of the Walgreen's, Metro source recommended that a PILOT not be given and the Board otherwise gave approval.

At 3:17 a roll call was taken. A quorum was present.

Mr. Thorns continued the meeting by stating that nowhere is a CBA required by the City or the State. The desire for a CBA was created because of the uncomfortable feeling the Board had in reviewing and giving PILOTs without sufficient data to make such a decision; it was done to analyze and ensure the City had a viable economic development project. It was not created for any other reason. As Board members, we must realize that the City of New Orleans has a disadvantage: it has a small land mass and as a result, the cost to developers within the City is high. We also have an antiquated political structure. When the State first created IDBs in the 70's, it was for the purpose of creating industry. The City's warehouse district was the IDB's first work. Now IDBs can do office space, condos, housing, etc. At that time real estate could benefit from passive losses; then you could write off and shelter. In the 1980's, however, passive losses were abolished. The real estate market crashed, changing the way to do business. IDBs were basically out of business until it worked the McFrugal deal. Before McFrugal, there was little use of the Almonaster corridor but when the IDB did McFrugal, it brought about changes in the infrastructure, creating economic development. It attracted State dollars, retail stores became a way of business in the area, office space. McFrugal's was level; it had high cubic use and could stack 20 to 30 feet. When the deal died, we didn't lose benefits because we still had the infrastructure. After the fire, life came back into the building and IDB became self-sufficient – Latter and Blum and Crescent Crown Distributors (an IDB) project are now there. Back then there was no such tool as a CBA. As we moved into the 1990's, housing was the focus. The Saulet brought about 700 units of housing on a track of land near the railroad tracks.

The City, however, had major infrastructure needs in that area. The EPA said the City couldn't run water from the roof of the Convention Center into the River; so the IDB incorporated into the deal infrastructure to handle this cost - \$1.5M. Since then, there's lots of housing post-Katrina and housing is an absolute need. Before Katrina, the CBA was created. It created an ability to yield some discernment. Now it is a living document; not the best, but still a tool only the IDB in N. O. requires to ensure that it is making the right decision.

The IDB gives Preliminary Approval to allow dialogue based on guidelines. Guidelines we create. We have come full circle. There is now approximately \$3B of project applications on the IDB book as a result of the incentives set as a result of the Hurricane Katrina. If you look at development activity in the City, you will see that many of the projects are IDB projects. We must scrutinize and make decisions that have positive impact in New Orleans.

The IDB needs driven projects. What does the City need? Can we follow the City's plan to ensure the City gets greatest benefits? Of course, the benefits sought by the IDB are always the best to the City. In the final analysis the CBA, generally, is the tool used to determine if we give approval or not. We need to know what we are supposed to be doing even in post-Katrina times, i.e., if development needs are deficient, we do conduit financing. On PILOTs we provide a freeze on the current tax payment, which taxes are continually paid to the City and distributed as millages, until such time that our agreement calls for the increase in taxes up to the full amount of the current taxes. At no time do we exempt any developer from paying taxes. Is the City being taken advantage of, giving to wealthy developers use of the tax base, hedging an economic downfall?

At this point, Mr. Thorns recognized the presence of Councilwoman Jackie Clarkson and opened the floor. He added, however, that the final part of the CBA which has evolved and it is still evolving, is the need to create claw backs and a means of monitoring those claw backs to ensure the City is getting the benefits promised by the developer. We want to be sure the developers delivers all that is negotiated and we must find ways to audit them. Now we're here to work.

Councilman Arnie Fielkow was recognized and Mr. Thorns acknowledged that IDB policies and procedures were presented at an earlier meeting of the City Council. Sharon was to provide Councilwoman Clarkson with a copy.

Mrs. Good asked if claw backs were included in any of the original projects, i.e., Crescent Crown and are we auditing; same with Home Depot. Mr. Thorns responded that we did not have claw backs with any of the earlier projects and that Home Depot is not yet closed which does have claw backs. The question was then asked, "Who monitors claw backs?"

Mr. Thorns advised that as the idea of claw backs was created within the last year and half or so, we have not yet engaged such an auditor or company. Mr. Koch asked if this was beyond the capability of the Board. Mrs. Good added that the IDB would have to engage someone who has the expertise to do an audit, work on claw backs, perform monitoring – pulling all of this together. She stated, however, that she believe the IDB has the money to hire someone; that we

need to structure fees that would allow the IDB to hire someone to do this work for us – all under one umbrella – put out an RFP, hire executive director.

Mr. Thorns informed the board that when created, claw backs and the monitoring of claw backs, like the CBA review cost, were to be borne by the developer. It was never intended for the IDB to create a budget to pay for these services. Mrs. Good stated that we need someone to oversee these issues, this is work beyond the work of Sharon and we have the funds to do something.

Mr. Thorns stated that we, the Board, have been trying to work through this but the Board should make decisions on the process, including in the language payment to monitor. There is no danger of the IDB or the City losing anything. There are claw backs and we have the right to call them in if promises are not delivered.

Mr. Thompson then asked how many of the deals already closed have claw backs. Mr. Cornelius responded by stating that those projects with job requirements are part of the conditions of the PILOT. Those with housing do not create jobs. The Domain projects (The Preserve, 750 Jeff Davis and Crescent Club) are hybrids and has claw backs. For most part, some need assistance – for information, say Disney wants to come and ask for PILOT – this requires assistance. The Domain had projects of profitability but difficulty financing. Housing projects on the other hand, those torn down and housing replaced, offer no jobs.

Dave Thompson then asked how onerous is the task before us – no audits to date – some coming up.

Mr. Fielkow was recognized and took the floor. He asked that the Board be aware of the two issues:

1. The need for claw backs
2. The need for monitoring those claw backs

It is hoped that the IDB will make these issues policy and that resources are allocated to make sure the monitoring occurs. He further suggested a “but for” test. If a developer does better than expected there might be relief afforded to the City. He advised that the City Council is working on the drafting of a comprehensive TIF policy. These policies work if all agencies are on the same page; the IDB should work hand-in-hand with the City. There will be another hearing in approximately 2 weeks to review the policy draft again – so there is about a 30-day window to devise joint policies and it would behoove the IDB to use Jeff Thomas as the lead person.

Councilwoman Jackie Clarkson was recognized, advising that she has worked with Ray and Jim since the Fischer project when housing was needed and, she and Ray go back to the creation of the TIF language. She stated that her interest in coordinating criteria is a win-win situation. Both the city and the IDB need strong published criteria.

At this point, Mr. Thorns advised that months ago, he and the Mayor, Dr. Blakely and their staff met at his request to discuss GO Zone dollars to ensure dollars come to New Orleans. Those projects seeking GO Zone dollars moved rapidly. However, a hold had been placed on IDB projects. At this time, Jim met with the Mayor and Dr. Blakely. It was a good meeting. At this meeting Dr. Blakely delivered a copy of the “plan”. He added that the truth is, dialogue started before then when Councilman Fielkow and other members of the council requested a presentation by the IDB on its policy and procedures. Shortly thereafter, and prior to the meeting, the IDB convened a retreat and spoke about its policy and procedures. A draft of our policy and procedures were put together and distributed to the council.

Mrs. Clarkson stated that real estate brings strong venture capital but she has concern about tax credits and no published criteria. One is coming, however.

Mr. Thorns then returned focus to the purpose of the meeting – the CBA as a tool that works for the IDB. The CBA is new and the IDB was the first board to use this type of tool to assist them in making prudent decisions as relates to requests for PILOTs. He advised that it is not perfect but that it is a strong decision-making tool. We now need to determine how to get the best out of the instrument.

Mr. Koch then inquired to Mr. Fielkow if he was suggesting that the IDB come up with its criteria. Mr. Fielkow responded that maybe in thirty days or more both parties would be in position to ensure all ideas are incorporated. He advised that there is a draft and that the IDB should take it to ensure what it is proposing. He suggested that the IDB work with Jeff Thomas so as not to reinvent the wheel. It was noted that Sharon should get a copy and distribute it to all Board members. Mr. Cornelius stated that he would go through it and share his findings with the Board. He advised that he wrote the TIFs acts so he is familiar with the program. He stated he would like to give the IDB his thoughts as to criteria for PILOTs, for GO Zone bonds, etc. Mrs. Clarkson asked that the IDB make sure that access to dollars has pay back standards or it could put the City out of business. There should be investor equity in all projects.

Mrs. Good stated that she does not feel qualified to read all projects not just the CBAs. Mr. Thorns advised that the IDB is empowered to develop its policy and having said that, he introduced Jacob Capraro and Ivan Miestchovich of Economic Analysis Consultants and Toni Weiss of Metro Source. He stated that the IDB may not have said specifically what it wants. He turned the matter over to Raley Alford for view on getting to the guts of the matter and its outcome; maybe there could be co-use of departments; the IDB needs to put on the table what it really wants. Maybe there is someone within the City who can do CBAs.

Mr. Capraro, as the latest consultant, stated that the first thing to do is make sure CBA is easy to capture benefits and to evaluate. He stated that he met with Ivan Miestchovich and went through several type programs to determine which model would be suit the IDB. The IMPLAN model was determined the best because of the information it captured. It provided a ratio (plus or minus) of the benefits by multipliers. Mr. Miestchovich then interjected that he agreed that the economic impact is a black box in terms of understanding, there are complexities. The REMY

project is a good plan as well but it costs about \$60K per year to access the model. The IMPLAN program has a good balance with input to measure impacts, including an indirect spending multiplier effect and it includes a tertiary effect as spending diminishes. The CBA, he stated, is only one piece and not the whole package. There are other criteria to take into account. Some communities assign weights and its impact. The economist wants to do what the Board wants. To explain the mechanics of these processes will take time. But we hope that we have given you a well-documented model.

Mr. Koch as what would happen if the IDB required the “but for” in the case of a PILOT request. Mr. Miestchovich responded that it would require the needs of the developer, needs of the City, a feasibility study – it would have to demonstrate the need for and the “but for” of the PILOT.

At this time, Mr. Wilson stated that the IDB never had a “but for” test – an “if we don’t do would they do”. That is not his only concern.

Toni Weiss, professor at Tulane University and economist working with Metro Source, advised that she inherited this work from Dr. Oakland. She stated that they attempt to look at opportunity costs if project does not go forward because of no PILOT, what would go there as an alternative development. What is the opportunity cost of not awarding a PILOT if the project went forward without a PILOT. She interposed that what if there was a “but for” in the 930 Poydras projects, someone else could come there and create a new development at the location showing an opportunity cost from an alternative development.

Jim Thorns then added that housing doesn’t generate big dollars but the need is great. The City will have to decide if it will stay in housing. The trickle down effect is: no housing, no jobs, no people, etc.

Mr Wilson interjected that tax dollars are not the only reason for approving a project. For instance, Home Depot, if they never pay taxes, they have offered jobs and opportunities to benefit. Mrs. Clarkson stated that the “but for” application can give base numbers on certain projects. Mr. Wilson replied that “but for” is when it looks good for the City. Jim Thorns then stated that this is a policy decision not part of the CBA.

Mr. Johnson then asked, “Why are we having this special meeting?” Mr. Thorns responded by noting there are new people in the IDB and the CBA issue is open to discussion or modification.

Jeff Thomas then spoke stating that policy architects for GO Zone bonds will work with the TIF draft. We lack expertise and staff. We look at best practices from other cities. It is important to note that location is important to the recovery plan and we look at “but for” in terms of housing and commercial projects. Mr. Thorns stated that the IDB would like to accomplish its task to a level of comfort we it will use to determine eligibility of a project. If what we have come up with we are unable to digest or comprehend or need additional information, we need to place it on the table. However, when it comes to the CBA we have not had the luxury to consider digesting or recommending. We, therefore, brought on someone who could technically analyze

the CBAs. And there is still hesitation. Today we need to get from these consultants that which is needed to create what we need in a CBA.

Mr. Alford stated that the CBAs and the review are fundamentally flawed because the number given by the developer is not tested. It tested we would see indirect costs. When we decide to give tax relief, we're giving an advantage. The only answer is to establish criteria. There is no consistency. We have had projects with and without PILOTs. Each one is like reading a new deal.

Mr. Cornelius stated that perhaps Adams and Reese could keep a running spreadsheet of what each project required. If you look at a chart that shows similarities in projects and their deliverables perhaps from there you could start a criteria or identify commonalities.

Mr. Miestchovich stated there is no way to get away from the uniqueness of each project. Lenders have criteria – if you don't meet the criteria, you don't get the loan. Projects, however, are unique and work from a different set of circumstances. Mr. Saizan stated that he agreed with Meistchovich and that he is not interested in giving inordinate advantages. He believed that the IDB board must know long-term impact over and above tax issue.

Ms. Weiss stated that the claw backs are the tools that provide a degree of accuracy. She stated she has met with a developer who provided what appeared to be inflated construction costs. Claw backs ensure good numbers accountability.

Mr. Thorns then asked Stanley McDaniel to provide advice.

Mr. McDaniel stated he looks hard at a developer's numbers. My expertise is in looking at numbers. I compare and balance numbers in the pro forma, the application, and the budget. I also look at "but for" not equity – and treat PILOTs any other financing piece. All will be revealed. Right now the City of New Orleans is in the recovery mode. It's good to attract private money. For example, the HRI deal wherein they requested an 18-year PILOT which is unusual. I tied it to the financing vehicle. I was skeptical so I talked to the lender and asked "If there is not PILOT would they pull from the project". There was an 80 to 20 housing need (work force need in the market place).

Mrs. Clarkson interjected that she disagreed with Mr. McDaniel, and stated that if we are giving a benefit not offered to others, it is our fiduciary responsibility to take a look at what we are doing.

Mr. Thorns took a stand on this statement noting that the IDB is a public organization and that pursuant to policy and procedure everyone has equal access. The IDB does not bid out for projects. In the old days, if the City wanted land developed they issued an RFP. That is not how the IDB operates. This not quite the same ballpark. We have never crossed the line. Having said this, he turned the matter over to Ray Cornelius for explanation.

Mr. Cornelius advised that the IDB approval process is “good faith”. He stated that projects are approved based in part on its need in the area.

Concern was expressed for competitive edge for similar businesses as well as those that are in different categories who pay taxes. There needs to be level playing field. Others expressed the need for “flagship” projects which would, in essence get some incentive. Discussions continued with board members expressing concern of possible over-inflated figures. Mr. Wilson stated that a fact is whenever we give approval we have given someone, somewhere an advantage. We must ensure that the City is paid handsomely for this advantage. Mr. Cornelius echoed economic development always gives an advantage – some people would say shouldn’t do that. It gets back to relevant benefit to cost and its consistency. It’s a case of apples and oranges. Mr. Thompson stated that we must be careful of what we’re giving up.

Mr. Wilson asked that tests be applied to what the IDB has already done: American Can, River Gardens (St. Thomas) and stated emphatically he is proud of the projects that the IDB has approved.

Mr. Thorns stated that the members needed to grasp the problem; that as members we are policy makers with benefit of the city in mind and making sure we are fair. The question is, “How do we make sure the CBA addresses our needs?” We have learned that it’s not the only thing we consider.

Mr. Thompson, who said we need to get to the meat and potatoes, asked Mr. Thomas (Jeff Thomas/Office of Recovery and Development Administration), if a template was developed that the IDB could use in developing its criteria. Mr. Thomas replied that the City is in the same situation, they are in the mode of determining the catalytic affect in delivering GO Zone bonds. We have made decisions, if you look at the dollar and cents. Mr. Thompson asked if the IDB had to have higher standards. Mr. Thorns stated that TIF is totally different from what the IDB considers for PILOTs but each entity (City and IDB) has to have an idea of what they are doing in terms of wrestling with policy and procedure and in determining what benefits should be attained.

Mr. Thomas agreed that TIFs were different from PILOTs and GO Zone bonds but stated that each is situated in a recovering city and getting at the quantitative value is the key.

Mrs. Clarkson then said she agreed with everything, further stating that there will be even more demands and that is when issues stand on the competitive edge. She began to give a history of the past in bringing major developments to the city but stated that she had concerns. She reiterated that published criteria (tangible and intangible) could establish category standards that must be met. In terms of intangibles, what else does the development bring to the neighborhood? Without published criteria, we’re in trouble.

Mr. Cornelius joined stating that it would be helpful to the Board if the question was raised, “How do you think the way other communities affect the Board? Will other communities (St.

Tammany for instance) be more quickly acceptable to incentives? If you set rigid criteria, St. Tammany may embrace the development. Criteria don't have to be rigid to be established. Everyone must know the game rules. We must be ready, however, to judge subjectively and defend the criteria.

Mr. Thorns then acknowledged the arrival of Dr. Ed Blakely, Director of the Office of Recovery and Development Administration. He recalled the meeting with the IDB president and the Mayor in which there were discussions of working together with the Council, the Mayor, economic development, sharing information. He stated that it is important for each organization to be on the same page in terms of criteria, ranking, industry, jobs, etc. GO Zone bonds are clearly related. It's important for the investor to have capital in the project and that it [the project] will generate something for the City. The CBA is very important. TIF criteria policy should be ours and not imposed. The mission of the IDB is different and, therefore, it should craft its policies including those of the city that are relative. The City has different resource and look at criteria differently. The Council looks at issues through due process but there are overlaps.

Mr. Thorns stated that the IDB looks at taking advantage of programs such as GO Zone bonds. We meet the tests in getting the projects into the hopper and we understand that these projects must be completed before 2009. What the IDB has approved are badly needed projects in the recovery of the City. We are competing for the same dollars (the City and the IDB). We agreed to work together so we could see what is going on.

Dr. Blakely commented that many of the projects are simultaneous and the developers should have spoken with the City. However, other CBDG, could include how financing designed. If all projects are parking lots, we might give more dollars to cover parking, and so on. We want developers to have the best case scenario so we should be on the same page so overhead and debt can be serviced.

Mr. Thorns reiterated that the IDB does not obligate the City in any of its transactions in terms of servicing debt on projects. Dr. Blakely replied, however, that if the project fails, can we separate? We are all in this together. If it is not a good project, it doesn't matter. We need to do good projects and it starts at the front end.

Mr. Wilson then informed Dr. Blakely that the Board has desperate needs one of which is additional administrative staff; that as volunteers, it's hard to commit a lot of time that is required. Dr. Blakely questioned more staff? Mr. Thorns then interjected that the IDB used to be staffed by the Dept. of Economic Development out of the Mayor's office and it was whoever they assigned. The level of activity at that time, however, was modest. He then stated that maybe the Board is interested in discussion a memorandum of understanding with the Office of Recovery and Development Administration, working to join technical staff. We need to look at your structure. Dr. Blakely intimated an assumption of funding for same and that IDB could be eligible for CBDG funding. Mr. Thorns advised that funding not so much the issue as the IDB could generate the funds to do what it has to do.

Mr. Alford then stated that he does not know how to write criteria as it is abstract at this point. For instance, the IDB has housing applications, what's the city's housing criteria? Mr. Flower interjected that claw backs are also needed. Dr. Blakely suggested that [we] get working group together to develop list of requirements adding that Jeff Thomas will work with the group. He suggested that the Board come up with a list of ideas including space resources. Mrs. Good advised that we would follow up with Jeff Thomas per Dr. Blakely's offer with the purpose of getting help, stating that everything else will fall in place. She stated that she would like to slow everything down.

Mr. Tom Crumley was then recognized. He stated that he would like to give a developer's opinion on the topic. He acknowledged that the IDB has the process and the list of applications. Every project is big. They should have a feasibility study. These projects are coming in to save interest rate, for tax exempt bond or save some operating costs. Developers can manipulate data but it is not to their benefit. We went through the process and successfully we opened. We're able to work with movie production companies and they have lots of people working for them needing housing. Our project was approved by the IDB and we got GO Zone bond financing. The assessor turned us down, IDB turned us down which made a \$20K difference. We gave back to the City – we bought \$200K in supplies generating revenue for the City. All, he said, he is asking is that the IDB does not back off accepting applications or assisting developers develop. If you don't serve, if it's too much, then get off the board. I assure you that nobody is getting rich. Brian Gibbs has been working forever on his project. He had to override a new market tax credits. Increments of \$25K are so incredible, making it hard to get something done. Mr. Thorns was the only one who worked with us with St. Thomas and yes, we made some mistakes. Use your consultants. In two years, this will be old news.

Mr. Thorns thanked Mr. Crumley for his remarks.

Mrs. Good asked that all this not be construed that we are chickening out. We just don't have the tools. The CBA takes into account the trickle down effect.

Mr. Thorns refocused on Dr. Blakely's suggestion asking for members of the Board to serve on the committee:

Committee Volunteers: Glenda Jones-Harris, Walter Flower, Darrel Saizan, Tyrone Wilson and Raley Alford.

This committee is to receive a memo after getting dates from Jeff Thomas to develop working relationship with the Office of Recovery and Development Administration regarding criteria. Mrs. Jones-Harris interposed that she agreed with Mrs. Good that additional administrative help is needed.

Mr. Thorns then asked, "Where are we now with the CBA?"

Mr. Wilson responded by stating that the CBA should be submitted with application. Mr. Thorns stated that he disagreed totally. Mrs. Weiss (Metro Source) joined in stating that as she listened, the process and format has developed over time. In the beginning, the CBA was sufficient and now it is not but not because of the CBA. The CBA is just one tool. She stated that she absolutely wants to deliver a package that is needed by the IDB but emphasized that it is not going to be the thing that makes a project. Mr. Saizan added that with the best example it may not be about economic development but the benefits that are definable.

Mr. Thorns then advised the Board that early this day, in a meeting with the City Council, we brought them up to speed, delivering a copy of our policy and procedures. They asked us to accelerate our work on all policy and procedure and I agreed to do so. They asked if we were adding projects, if we were doing well, if we monitoring projects - performance of the developer beyond closing dates. I informed them that we are in the process of considering the monitoring issue but that we are not partners with the developers. I assured the Council that we are working on the monitoring of the projects to ensure promises of benefits to the City are being delivered.

He stated that he also mentioned that as of March 31 I will be resigning from the IDB. I will make transition. The IDB will hold election so transition can be smooth to new leadership; the CBA will provide a clear understanding and all matter will move forward smoothly. He advised that he came on board in 1983 until after restructuring of the tax code. He came back in 1990, stayed because to make a contribution to the City. This is a constantly transitioning board. He stated that he is not running. I will share my knowledge and will probably go beyond March 31 in doing so. He further stated that as new people, he understood how this could be a challenge. It was a challenge for me. Opportunity does not have a big window all the time. It is sometimes counter to what I do. I do want to thank you all for your support on projects. You must keep in mind that we are here to make our City a better place. Don't forget we are competing. Just a reminder, Jeff Parish got its sales tax up so quickly after Katrina because New Orleans had no activity. We need to move on projects for sales taxes, jobs, future ad valorem tax increases. We have to take risks but not callously.

David Crais asked to be recognized, stating that he worked with the City in its UNOP with regards to medical infrastructure. Maybe there are benefits to the UNOP. Maybe an RFP could be used.

Mr. Thorns advised that that IDB was open to ideas, comments and suggestions. He stated that the BGR was asked to assist the IDB in creating a matrix with best practices information. With that information, the Committee can be prepared to look at best practices and be prepared.

Mr. Thorns advised that the next Board meeting will be held March 18 and that the IDB has lots of work ahead of it. At the next meeting there will be an election of officers.

On motion of Darrel Saizan and Susan Good the meeting was adjourned.

Susan P. Good, Secretary/Treasurer

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



**FEBRUARY 27, 2008
3:00 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET**

Present:

W. Raley Alford III	Walter C. Flower III	Susan P. Good
John C. Koch	Darrel J. Saizan, Jr.	C. David Thompson
Jimmie Thorns, Jr.	Tyrone Wilson	

Also Present:

Sharon Martin, Administrative Consultant
David Wolf, Bond Counsel, Adams & Reese
Jade Russell, Bond Counsel, Adams & Reese

Absent:

Torey Bullock	Farrell J. Chaelain, Jr.	James Paul Johnson
Ernest P. Legier, Jr.	Nina Hebert Marchand	Glenda Jones-Harris

Guests:

Steven Hattier, Morgan Keegan
Wayne J. Neveu, Foley & Judell
Kate Moran, Times-Picayune
Holly Barham, Foley & Judell
Tom Crumley, Woodward Interests
Damon Burns, Morgan Keegan
Steven Gill, The Gill Law Firm, LLC
Creig Brown, Metro Source
Carliss Knesel, Hancock Bank
Bud Wyckoff, B. W Development
Jeff Fabacher, B. W. Development
Terri Franklin, Regions Bank
Karl Kehoe, Real Estate Tax Group
Ivan Miestochovich, U. N. O./Economic Analysis Consultants
Jacob Capraro, Economic Analysis Consultants
Drew Moroch, Latter & Blum

David Crais, CMG, LLC
Jackie Clarkson, City Council, New Orleans, La.
Arnie Fielkow, City Council, New Orleans, LA

The meeting opened at 3:10 PM by the President with introduction by all guests. Mr. Thorns assured that Metro Source and Economic Analysis Consultants was represented as the meeting concerned the processes of the Cost/Benefit Analysis.

John Koch began with question with the question: Who engages the CBA agreement? Mr. Thorns explained that the Board engages in a three-legged agreement with the economist, the developer and the IDB. Mr. Koch then asked if payment by the developer rendered any concern of a conflict of interest; is there a better way of structuring this part of the CBA process perhaps developing a standard fee by the Board to the developer. Mr. Thorns stated that the Board does not want to place itself in line of any liability but that the IDB must have control and has had control since the CBA inception in terms of how the CBA is formatted, paid for and its contents. The process ensured there is no liability on the part of the Board and City. Mr. Koch then asked if there has been any instance where the Board has declined the recommendation of a CBA. Toni Weiss was asked to be recognized who answered that in the instance of the Walgreen's, Metro source recommended that a PILOT not be given and the Board otherwise gave approval.

At 3:17 a roll call was taken. A quorum was present.

Mr. Thorns continued the meeting by stating that nowhere is a CBA required by the City or the State. The desire for a CBA was created because of the uncomfortable feeling the Board had in reviewing and giving PILOTs without sufficient data to make such a decision; it was done to analyze and ensure the City had a viable economic development project. It was not created for any other reason. As Board members, we must realize that the City of New Orleans has a disadvantage: it has a small land mass and as a result, the cost to developers within the City is high. We also have an antiquated political structure. When the State first created IDBs in the 70's, it was for the purpose of creating industry. The City's warehouse district was the IDB's first work. Now IDBs can do office space, condos, housing, etc. At that time real estate could benefit from passive losses; then you could write off and shelter. In the 1980's, however, passive losses were abolished. The real estate market crashed, changing the way to do business. IDBs were basically out of business until it worked the McFrugal deal. Before McFrugal, there was little use of the Almonaster corridor but when the IDB did McFrugal, it brought about changes in the infrastructure, creating economic development. It attracted State dollars, retail stores became a way of business in the area, office space. McFrugal's was level; it had high cubic use and could stack 20 to 30 feet. When the deal died, we didn't lose benefits because we still had the infrastructure. After the fire, life came back into the building and IDB became self-sufficient – Latter and Blum and Crescent Crown Distributors (an IDB) project are now there. Back then there was no such tool as a CBA. As we moved into the 1990's, housing was the focus. The Saulet brought about 700 units of housing on a track of land near the railroad tracks.

The City, however, had major infrastructure needs in that area. The EPA said the City couldn't run water from the roof of the Convention Center into the River; so the IDB incorporated into the deal infrastructure to handle this cost - \$1.5M. Since then, there's lots of housing post-Katrina and housing is an absolute need. Before Katrina, the CBA was created. It created an ability to yield some discernment. Now it is a living document; not the best, but still a tool only the IDB in N. O. requires to ensure that it is making the right decision.

The IDB gives Preliminary Approval to allow dialogue based on guidelines. Guidelines we create. We have come full circle. There is now approximately \$3B of project applications on the IDB book as a result of the incentives set as a result of the Hurricane Katrina. If you look at development activity in the City, you will see that many of the projects are IDB projects. We must scrutinize and make decisions that have positive impact in New Orleans.

The IDB needs driven projects. What does the City need? Can we follow the City's plan to ensure the City gets greatest benefits? Of course, the benefits sought by the IDB are always the best to the City. In the final analysis the CBA, generally, is the tool used to determine if we give approval or not. We need to know what we are supposed to be doing even in post-Katrina times, i.e., if development needs are deficient, we do conduit financing. On PILOTs we provide a freeze on the current tax payment, which taxes are continually paid to the City and distributed as millages, until such time that our agreement calls for the increase in taxes up to the full amount of the current taxes. At no time do we exempt any developer from paying taxes. Is the City being taken advantage of, giving to wealthy developers use of the tax base, hedging an economic downfall?

At this point, Mr. Thorns recognized the presence of Councilwoman Jackie Clarkson and opened the floor. He added, however, that the final part of the CBA which has evolved and it is still evolving, is the need to create claw backs and a means of monitoring those claw backs to ensure the City is getting the benefits promised by the developer. We want to be sure the developers delivers all that is negotiated and we must find ways to audit them. Now we're here to work.

Councilman Arnie Fielkow was recognized and Mr. Thorns acknowledged that IDB policies and procedures were presented at an earlier meeting of the City Council. Sharon was to provide Councilwoman Clarkson with a copy.

Mrs. Good asked if claw backs were included in any of the original projects, i.e., Crescent Crown and are we auditing; same with Home Depot. Mr. Thorns responded that we did not have claw backs with any of the earlier projects and that Home Depot is not yet closed which does have claw backs. The question was then asked, "Who monitors claw backs?"

Mr. Thorns advised that as the idea of claw backs was created within the last year and half or so, we have not yet engaged such an auditor or company. Mr. Koch asked if this was beyond the capability of the Board. Mrs. Good added that the IDB would have to engage someone who has the expertise to do an audit, work on claw backs, perform monitoring – pulling all of this

together. She stated, however, that she believe the IDB has the money to hire someone; that we need to structure fees that would allow the IDB to hire someone to do this work for us – all under one umbrella – put out an RFP, hire executive director.

Mr. Thorns informed the board that when created, claw backs and the monitoring of claw backs, like the CBA review cost, were to be borne by the developer. It was never intended for the IDB to create a budget to pay for these services. Mrs. Good stated that we need someone to oversee these issues, this is work beyond the work of Sharon and we have the funds to do something.

Mr. Thorns stated that we, the Board, have been trying to work through this but the Board should make decisions on the process, including in the language payment to monitor. There is no danger of the IDB or the City losing anything. There are claw backs and we have the right to call them in if promises are not delivered.

Mr. Thompson then asked how many of the deals already closed have claw backs. Mr. Cornelius responded by stating that those projects with job requirements are part of the conditions of the PILOT. Those with housing do not create jobs. The Domain projects (The Preserve, 750 Jeff Davis and Crescent Club) are hybrids and has claw backs. For most part, some need assistance – for information, say Disney wants to come and ask for PILOT – this requires assistance. The Domain had projects of profitability but difficulty financing. Housing projects on the other hand, those torn down and housing replaced, offer no jobs.

Dave Thompson then asked how onerous is the task before us – no audits to date – some coming up.

Mr. Fielkow was recognized and took the floor. He asked that the Board be aware of the two issues:

1. The need for claw backs
2. The need for monitoring those claw backs

It is hoped that the IDB will make these issues policy and that resources are allocated to make sure the monitoring occurs. He further suggested a “but for” test. If a developer does better than expected there might be relief afforded to the City. He advised that the City Council is working on the drafting of a comprehensive TIF policy. These policies work if all agencies are on the same page; the IDB should work hand-in-hand with the City. There will be another hearing in approximately 2 weeks to review the policy draft again – so there is about a 30-day window to devise joint policies and it would behoove the IDB to use Jeff Thomas as the lead person.

Councilwoman Jackie Clarkson was recognized, advising that she has worked with Ray and Jim since the Fischer project when housing was needed and, she and Ray go back to the creation of the TIF language. She stated that her interest in coordinating criteria is a win-win situation. Both the city and the IDB need strong published criteria.

At this point, Mr. Thorns advised that months ago, he and the Mayor, Dr. Blakely and their staff met at his request to discuss GO Zone dollars to ensure dollars come to New Orleans. Those projects seeking GO Zone dollars moved rapidly. However, a hold had been placed on IDB projects. At this time, Jim met with the Mayor and Dr. Blakely. It was a good meeting. At this meeting Dr. Blakely delivered a copy of the “plan”. He added that the truth is, dialogue started before then when Councilman Fielkow and other members of the council requested a presentation by the IDB on its policy and procedures. Shortly thereafter, and prior to the meeting, the IDB convened a retreat and spoke about its policy and procedures. A draft of our policy and procedures were put together and distributed to the council.

Mrs. Clarkson stated that real estate brings strong venture capital but she has concern about tax credits and no published criteria. One is coming, however.

Mr. Thorns then returned focus to the purpose of the meeting – the CBA as a tool that works for the IDB. The CBA is new and the IDB was the first board to use this type of tool to assist them in making prudent decisions as relates to requests for PILOTs. He advised that it is not perfect but that it is a strong decision-making tool. We now need to determine how to get the best out of the instrument.

Mr. Koch then inquired to Mr. Fielkow if he was suggesting that the IDB come up with its criteria. Mr. Fielkow responded that maybe in thirty days or more both parties would be in position to ensure all ideas are incorporated. He advised that there is a draft and that the IDB should take it to ensure what it is proposing. He suggested that the IDB work with Jeff Thomas so as not to reinvent the wheel. It was noted that Sharon should get a copy and distribute it to all Board members. Mr. Cornelius stated that he would go through it and share his findings with the Board. He advised that he wrote the TIFs acts so he is familiar with the program. He stated he would like to give the IDB his thoughts as to criteria for PILOTs, for GO Zone bonds, etc. Mrs. Clarkson asked that the IDB make sure that access to dollars has pay back standards or it could put the City out of business. There should be investor equity in all projects.

Mrs. Good stated that she does not feel qualified to read all projects not just the CBAs. Mr. Thorns advised that the IDB is empowered to develop its policy and having said that, he introduced Jacob Capraro and Ivan Miestchovich of Economic Analysis Consultants and Toni Weiss of Metro Source. He stated that the IDB may not have said specifically what it wants. He turned the matter over to Raley Alford for view on getting to the guts of the matter and its outcome; maybe there could be co-use of departments; the IDB needs to put on the table what it really wants. Maybe there is someone within the City who can do CBAs.

Mr. Capraro, as the latest consultant, stated that the first thing to do is make sure CBA is easy to capture benefits and to evaluate. He stated that he met with Ivan Miestchovich and went through several type programs to determine which model would be suit the IDB. The IMPLAN model was determined the best because of the information it captured. It provided a ratio (plus or minus) of the benefits by multipliers. Mr. Miestchovich then interjected that he agreed that the economic impact is a black box in terms of understanding, there are complexities. The REMY project is a good plan as well but it costs about \$60K per year to access the model. The

IMPLAN program has a good balance with input to measure impacts, including an indirect spending multiplier effect and it includes a tertiary effect as spending diminishes. The CBA, he stated, is only one piece and not the whole package. There are other criteria to take into account. Some communities assign weights and its impact. The economist wants to do what the Board wants. To explain the mechanics of these processes will take time. But we hope that we have given you a well-documented model.

Mr. Koch as what would happen if the IDB required the “but for” in the case of a PILOT request. Mr. Miestchovich responded that it would require the needs of the developer, needs of the City, a feasibility study – it would have to demonstrate the need for and the “but for” of the PILOT.

At this time, Mr. Wilson stated that the IDB never had a “but for” test – an “if we don’t do would they do”. That is not his only concern.

Toni Weiss, professor at Tulane University and economist working with Metro Source, advised that she inherited this work from Dr. Oakland. She stated that they attempt to look at opportunity costs if project does not go forward because of no PILOT, what would go there as an alternative development. What is the opportunity cost of not awarding a PILOT if the project went forward without a PILOT. She interposed that what if there was a “but for” in the 930 Poydras projects, someone else could come there and create a new development at the location showing an opportunity cost from an alternative development.

Jim Thorns then added that housing doesn’t generate big dollars but the need is great. The City will have to decide if it will stay in housing. The trickle down effect is: no housing, no jobs, no people, etc.

Mr Wilson interjected that tax dollars are not the only reason for approving a project. For instance, Home Depot, if they never pay taxes, they have offered jobs and opportunities to benefit. Mrs. Clarkson stated that the “but for” application can give base numbers on certain projects. Mr. Wilson replied that “but for” is when it looks good for the City. Jim Thorns then stated that this is a policy decision not part of the CBA.

Mr. Johnson then asked, “Why are we having this special meeting?” Mr. Thorns responded by noting there are new people in the IDB and the CBA issue is open to discussion or modification.

Jeff Thomas then spoke stating that policy architects for GO Zone bonds will work with the TIF draft. We lack expertise and staff. We look at best practices from other cities. It is important to note that location is important to the recovery plan and we look at “but for” in terms of housing and commercial projects. Mr. Thorns stated that the IDB would like to accomplish its task to a level of comfort we it will use to determine eligibility of a project. If what we have come up with we are unable to digest or comprehend or need additional information, we need to place it on the table. However, when it comes to the CBA we have not had the luxury to consider digesting or recommending. We, therefore, brought on someone who could technically analyze

the CBAs. And there is still hesitation. Today we need to get from these consultants that which is needed to create what we need in a CBA.

Mr. Alford stated that the CBAs and the review are fundamentally flawed because the number given by the developer is not tested. It tested we would see indirect costs. When we decide to give tax relief, we're giving an advantage. The only answer is to establish criteria. There is no consistency. We have had projects with and without PILOTs. Each one is like reading a new deal.

Mr. Cornelius stated that perhaps Adams and Reese could keep a running spreadsheet of what each project required. If you look at a chart that shows similarities in projects and their deliverables perhaps from there you could start a criteria or identify commonalities.

Mr. Miestchovich stated there is no way to get away from the uniqueness of each project. Lenders have criteria – if you don't meet the criteria, you don't get the loan. Projects, however, are unique and work from a different set of circumstances. Mr. Saizan stated that he agreed with Meistchovich and that he is not interested in giving inordinate advantages. He believed that the IDB board must know long-term impact over and above tax issue.

Ms. Weiss stated that the claw backs are the tools that provide a degree of accuracy. She stated she has met with a developer who provided what appeared to be inflated construction costs. Claw backs ensure good numbers accountability.

Mr. Thorns then asked Stanley McDaniel to provide advice.

Mr. McDaniel stated he looks hard at a developer's numbers. My expertise is in looking at numbers. I compare and balance numbers in the pro forma, the application, and the budget. I also look at "but for" not equity – and treat PILOTs any other financing piece. All will be revealed. Right now the City of New Orleans is in the recovery mode. It's good to attract private money. For example, the HRI deal wherein they requested an 18-year PILOT which is unusual. I tied it to the financing vehicle. I was skeptical so I talked to the lender and asked "If there is not PILOT would they pull from the project". There was an 80 to 20 housing need (work force need in the market place).

Mrs. Clarkson interjected that she disagreed with Mr. McDaniel, and stated that if we are giving a benefit not offered to others, it is our fiduciary responsibility to take a look at what we are doing.

Mr. Thorns took a stand on this statement noting that the IDB is a public organization and that pursuant to policy and procedure everyone has equal access. The IDB does not bid out for projects. In the old days, if the City wanted land developed they issued an RFP. That is not how the IDB operates. This not quite the same ballpark. We have never crossed the line. Having said this, he turned the matter over to Ray Cornelius for explanation.

Mr. Cornelius advised that the IDB approval process is “good faith”. He stated that projects are approved based in part on its need in the area.

Concern was expressed for competitive edge for similar businesses as well as those that are in different categories who pay taxes. There needs to be level playing field. Others expressed the need for “flagship” projects which would, in essence get some incentive. Discussions continued with board members expressing concern of possible over-inflated figures. Mr. Wilson stated that a fact is whenever we give approval we have given someone, somewhere an advantage. We must ensure that the City is paid handsomely for this advantage. Mr. Cornelius echoed economic development always gives an advantage – some people would say shouldn’t do that. It gets back to relevant benefit to cost and its consistency. It’s a case of apples and oranges. Mr. Thompson stated that we must be careful of what we’re giving up.

Mr. Wilson asked that tests be applied to what the IDB has already done: American Can, River Gardens (St. Thomas) and stated emphatically he is proud of the projects that the IDB has approved.

Mr. Thorns stated that the members needed to grasp the problem; that as members we are policy makers with benefit of the city in mind and making sure we are fair. The question is, “How do we make sure the CBA addresses our needs?” We have learned that it’s not the only thing we consider.

Mr. Thompson, who said we need to get to the meat and potatoes, asked Mr. Thomas (Jeff Thomas/Office of Recovery and Development Administration), if a template was developed that the IDB could use in developing its criteria. Mr. Thomas replied that the City is in the same situation, they are in the mode of determining the catalytic affect in delivering GO Zone bonds. We have made decisions, if you look at the dollar and cents. Mr. Thompson asked if the IDB had to have higher standards. Mr. Thorns stated that TIF is totally different from what the IDB considers for PILOTs but each entity (City and IDB) has to have an idea of what they are doing in terms of wrestling with policy and procedure and in determining what benefits should be attained.

Mr. Thomas agreed that TIFs were different from PILOTs and GO Zone bonds but stated that each is situated in a recovering city and getting at the quantitative value is the key.

Mrs. Clarkson then said she agreed with everything, further stating that there will be even more demands and that is when issues stand on the competitive edge. She began to give a history of the past in bringing major developments to the city but stated that she had concerns. She reiterated that published criteria (tangible and intangible) could establish category standards that must be met. In terms of intangibles, what else does the development bring to the neighborhood? Without published criteria, we’re in trouble.

Mr. Cornelius joined stating that it would be helpful to the Board if the question was raised, “How do you think the way other communities affect the Board? Will other communities (St.

Tammany for instance) be more quickly acceptable to incentives? If you set rigid criteria, St. Tammany may embrace the development. Criteria don't have to be rigid to be established. Everyone must know the game rules. We must be ready, however, to judge subjectively and defend the criteria.

Mr. Thorns then acknowledged the arrival of Dr. Ed Blakely, Director of the Office of Recovery and Development Administration. He recalled the meeting with the IDB president and the Mayor in which there were discussions of working together with the Council, the Mayor, economic development, sharing information. He stated that it is important for each organization to be on the same page in terms of criteria, ranking, industry, jobs, etc. GO Zone bonds are clearly related. It's important for the investor to have capital in the project and that it [the project] will generate something for the City. The CBA is very important. TIF criteria policy should be ours and not imposed. The mission of the IDB is different and, therefore, it should craft its policies including those of the city that are relative. The City has different resource and look at criteria differently. The Council looks at issues through due process but there are overlaps.

Mr. Thorns stated that the IDB looks at taking advantage of programs such as GO Zone bonds. We meet the tests in getting the projects into the hopper and we understand that these projects must be completed before 2009. What the IDB has approved are badly needed projects in the recovery of the City. We are competing for the same dollars (the City and the IDB). We agreed to work together so we could see what is going on.

Dr. Blakely commented that many of the projects are simultaneous and the developers should have spoken with the City. However, other CBDG, could include how financing designed. If all projects are parking lots, we might give more dollars to cover parking, and so on. We want developers to have the best case scenario so we should be on the same page so overhead and debt can be serviced.

Mr. Thorns reiterated that the IDB does not obligate the City in any of its transactions in terms of servicing debt on projects. Dr. Blakely replied, however, that if the project fails, can we separate? We are all in this together. If it is not a good project, it doesn't matter. We need to do good projects and it starts at the front end.

Mr. Wilson then informed Dr. Blakely that the Board has desperate needs one of which is additional administrative staff; that as volunteers, it's hard to commit a lot of time that is required. Dr. Blakely questioned more staff? Mr. Thorns then interjected that the IDB used to be staffed by the Dept. of Economic Development out of the Mayor's office and it was whoever they assigned. The level of activity at that time, however, was modest. He then stated that maybe the Board is interested in discussion a memorandum of understanding with the Office of Recovery and Development Administration, working to join technical staff. We need to look at your structure. Dr. Blakely intimated an assumption of funding for same and that IDB could be eligible for CBDG funding. Mr. Thorns advised that funding not so much the issue as the IDB could generate the funds to do what it has to do.

Mr. Alford then stated that he does not know how to write criteria as it is abstract at this point. For instance, the IDB has housing applications, what's the city's housing criteria? Mr. Flower interjected that claw backs are also needed. Dr. Blakely suggested that [we] get working group together to develop list of requirements adding that Jeff Thomas will work with the group. He suggested that the Board come up with a list of ideas including space resources. Mrs. Good advised that we would follow up with Jeff Thomas per Dr. Blakely's offer with the purpose of getting help, stating that everything else will fall in place. She stated that she would like to slow everything down.

Mr. Tom Crumley was then recognized. He stated that he would like to give a developer's opinion on the topic. He acknowledged that the IDB has the process and the list of applications. Every project is big. They should have a feasibility study. These projects are coming in to save interest rate, for tax exempt bond or save some operating costs. Developers can manipulate data but it is not to their benefit. We went through the process and successfully we opened. We're able to work with movie production companies and they have lots of people working for them needing housing. Our project was approved by the IDB and we got GO Zone bond financing. The assessor turned us down, IDB turned us down which made a \$20K difference. We gave back to the City – we bought \$200K in supplies generating revenue for the City. All, he said, he is asking is that the IDB does not back off accepting applications or assisting developers develop. If you don't serve, if it's too much, then get off the board. I assure you that nobody is getting rich. Brian Gibbs has been working forever on his project. He had to override a new market tax credits. Increments of \$25K are so incredible, making it hard to get something done. Mr. Thorns was the only one who worked with us with St. Thomas and yes, we made some mistakes. Use your consultants. In two years, this will be old news.

Mr. Thorns thanked Mr. Crumley for his remarks.

Mrs. Good asked that all this not be construed that we are chickening out. We just don't have the tools. The CBA takes into account the trickle down effect.

Mr. Thorns refocused on Dr. Blakely's suggestion asking for members of the Board to serve on the committee:

Committee Volunteers: Glenda Jones-Harris, Walter Flower, Darrel Saizan, Tyrone Wilson and Raley Alford.

This committee is to receive a memo after getting dates from Jeff Thomas to develop working relationship with the Office of Recovery and Development Administration regarding criteria. Mrs. Jones-Harris interposed that she agreed with Mrs. Good that additional administrative help is needed.

Mr. Thorns then asked, "Where are we now with the CBA?"

Mr. Wilson responded by stating that the CBA should be submitted with application. Mr. Thorns stated that he disagreed totally. Mrs. Weiss (Metro Source) joined in stating that as she listened, the process and format has developed over time. In the beginning, the CBA was sufficient and now it is not but not because of the CBA. The CBA is just one tool. She stated that she absolutely wants to deliver a package that is needed by the IDB but emphasized that it is not going to be the thing that makes a project. Mr. Saizan added that with the best example it may not be about economic development but the benefits that are definable.

Mr. Thorns then advised the Board that early this day, in a meeting with the City Council, we brought them up to speed, delivering a copy of our policy and procedures. They asked us to accelerate our work on all policy and procedure and I agreed to do so. They asked if we were adding projects, if we were doing well, if we monitoring projects - performance of the developer beyond closing dates. I informed them that we are in the process of considering the monitoring issue but that we are not partners with the developers. I assured the Council that we are working on the monitoring of the projects to ensure promises of benefits to the City are being delivered.

He stated that he also mentioned that as of March 31 I will be resigning from the IDB. I will make transition. The IDB will hold election so transition can be smooth to new leadership; the CBA will provide a clear understanding and all matter will move forward smoothly. He advised that he came on board in 1983 until after restructuring of the tax code. He came back in 1990, stayed because to make a contribution to the City. This is a constantly transitioning board. He stated that he is not running. I will share my knowledge and will probably go beyond March 31 in doing so. He further stated that as new people, he understood how this could be a challenge. It was a challenge for me. Opportunity does not have a big window all the time. It is sometimes counter to what I do. I do want to thank you all for your support on projects. You must keep in mind that we are here to make our City a better place. Don't forget we are competing. Just a reminder, Jeff Parish got its sales tax up so quickly after Katrina because New Orleans had no activity. We need to move on projects for sales taxes, jobs, future ad valorem tax increases. We have to take risks but not callously.

David Crais asked to be recognized, stating that he worked with the City in its UNOP with regards to medical infrastructure. Maybe there are benefits to the UNOP. Maybe an RFP could be used.

Mr. Thorns advised that that IDB was open to ideas, comments and suggestions. He stated that the BGR was asked to assist the IDB in creating a matrix with best practices information. With that information, the Committee can be prepared to look at best practices and be prepared.

Mr. Thorns advised that the next Board meeting will be held March 18 and that the IDB has lots of work ahead of it. At the next meeting there will be an election of officers.

On motion of Darrel Saizan and Susan Good the meeting was adjourned.

Susan P. Good, Secretary/Treasurer

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



**APRIL 2, 2008
12:00 P.M.
45TH FLOOR – ONE SHELL SQUARE
701 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford III	Torey Bullock	Walter C. Flower III
Susan P. Good	Glenda Jones-Harris	James P. Johnson
John Koch	Nina H. Marchand	Darrell J. Saizan, Jr.
David Thompson	Jimmie Thorns, Jr.	Tyrone A. Wilson

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

Guests:

Bill Langkopp, Greater New Orleans Hotel & Lodging Association
Ted Selogie, Greater New Orleans Hotel & Lodging Association
Ernest Gethers, City of New Orleans
Stephen Stuart, Bureau of Governmental Research
Holly Barham, Foley & Judell
Kyle J. Jones, Thorns Consulting
Leander Hall, The Quest Group
Amber Seedy, Volunteers of America
Arnie Fielkow, City Council
Brandy Citizen, City Council, Office of Arnie Fielkow
Richard Cortizas, Jones Walker Law Firm
Terri Franklin, Regions Bank
Stanley McDaniel, The McDaniel Group
Gionne Jourdan, Michaels Development

The meeting was called to order by the President, Jimmie Thorns, Jr. at 12:25PM. An introduction of all guests was had. A motion for approval of the previous month's

minutes was offered by Raley Alford and seconded by Nina Marchand and passed without objection.

NEW BUSINESS – ROBERT’S

Attorney David Wolf presented a request for ratification of the final approval granted by the Board on the Robert’s So. Claiborne Avenue project which is currently under construction, advising that since the vote to grant final approval, the bond financing has changed from Morgan Keegan to Hancock Bank, thereby making it a private placement, with a 16 year, 5.75% interest rate, and that after 7 years a cap of 10%, with new market tax credits and tax-exempt GO Zone Bond supplement of \$3.6M. Attorney Wolf further advised that the PILOT requested is for 10 years at the current level of \$9400 per year, tied to jobs in the claw backs and that the current request for ratification of this resolution has no affect on the cost/benefit analysis projections.

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After the presentation for the request to modify the resolution and questions raised by the Board, a motion was offered by Walter Flower and seconded by Darrel Saizan for approval for ratification of the grant for final approval to issue bonds.

The President then advised that the agenda would be amended and acknowledged the presence of Council-at-Large President, Arnie Fielkow. Mr. Fielkow informed the Board that the Council is still in the process of addressing TIF criteria and advised that the Council has received additional comments and input from the Bureau of Governmental Research and the public at large. This information has been given to the Office of Recovery and Development Administration. A first draft has been received and is now being worked on. The Council hoped to have a final document sometime in June with the Council later voting on a final draft of the TIF criteria. He further advised that the Council is expecting a public presentation from the IDB on the status of its review of its criteria. It is the Council’s hope that the IDB will work the City’s TIF criteria into its plan so that everyone will be on the same page.

Mr. Thorns advised that the Board is in transition and would be electing officers; that this matter, as well as all other pending matters would be transitioned to the next president. Mr. Thorns informed Mr. Fielkow that the IDB has very good people on board and that he wanted to take the time to thank the Council for its appointments of talent and diverse expertise. He stated further that he was happy to see the interest of the Council in the IDB and the City’s growth and development and that the IDB is ready to move to the next level. He stated that resources should be used wisely. He emphasize that the economic development environment is changing constantly and policies and procedures must be adaptable.

Mr. Fielkow thanked Mr. Thorns for his service and dedication, stating that this was a new day for the City and the Council to work with the IDB. He stated that the Council had inspired confidence in the IDB and that it served as the bricks and mortar of many projects.

ANNUAL REPORT

The annual report was presented by the President. He stated that the report summarized 2 years of activity by the Board and that it was the second report in 3 or 4 years. He believed that it provided a true representation of the IDB's activity and depicts the IDB in a very good light. He asked that copies be taken for distribution to others they may know. He stated that all of the City's elected officials would get a copy. This is a part of the IDB marketing campaign.

Mrs. Good complimented the production and the fact that it came in \$3K under budget. She stated that it may be referred to as a "view book" depending on how often the IDB plans to have one printed, considering the cost.

Other suggestions included sending copies to the Office of Recovery and Development Administration, real estate firms and perhaps having the IDB's website (annual report) linked to the City's website, as well as distribution of copies at the upcoming North American Leadership Conference. Ms. Martin was also asked to check with Mr. Langkopp of the Hotel and Lodging Association for any upcoming conventions and conference. She is to find out how this could happen. The Board was asked to send any other suggestions to Sharon for mailing of the report. Mr. Thorns advised that a copy would be placed on the IDB website.

BUDGET

Mr. Thorns referred the Board to its folders for a copy of the proposed budget and advised that Mrs. Good, the Secretary-Treasurer, was very instrumental and frugal in preparing the proposed budget. The revenue stream comes from projects; there is no money from the City Council nor is any expected. He advised that the Board needs to forecast its needs both in terms of necessary revenue and expenses for administrative assistance. He stated that he noted, however, that there was no line item for board development and suggested that the Board take a good look at this expense as it is very important. This was the only issue where he felt the budget was deficient and asked that it be considered and added in. He complimented Mrs. Good on doing a wonderful job.

Mrs. Good took the floor to explain the budget, stating that the budget serves as a guideline, further advising that the Board voted to handle extraordinary expenses by bringing the expense to the Board for a vote. She stated that if we stick close to the budget, she believed it could handle a board retreat. Mr. Koch asked what the process would be to monitor the budget. Mrs. Good advised that the accountant, Katherine Smith, provides the IDB with a comparative on month-to-month expenses.

Mrs. Jones-Harris noted that conference and travel was \$1250 to which Mrs. Good responded that it was based on expenses incurred the previous year.

A request for a motion to approve the budget was requested. A motion was offered by Mrs. Marchand, seconded by Mr. Saizan, and passed without objection, and the budget was approved.

AUDIT

The Board was then referred to the annual letter of engagement from the auditors in their folders. He explained that the letter shows an increase in cost for services of \$800 not including out of pocket expenses. He advised that the letter had attached to it an explanation for the reason for the increase. After review and discussion, Mr. Thorns asked for a motion to approve the letter of engagement to begin the 2007 audit.

A motion was offered by Darrel Saizan, seconded by Glenda Jones Harris and the motion to approval the letter of engagement for the 2007 audit passed without objection.

RATIFICATION OF ADMINISTRATIVE CONSULTANT CONTRACT

This matter was placed on the floor for discussion of this issue by advice of counsel regarding the administrative consultant's employment status and the IDB's position with the IRS. Attorney Wolf advised that he received a copy of the contract. He advised that he has not received an opinion from the labor lawyer as of yet, advising that he would have an opinion for the next meeting.

Mr. Alford stated that he would prefer not to defer this matter, stating that Ms. Martin has a great rapport interfacing with the board and others, and that he sees the ratification of the contract as a "must do". He requested a vote. If the research sees a problem we can take it up then.

The contract is a 2-year contract that began in October 2007 with a 30-day notice to cancel by either party. It was noted that the Board has been asked to ratify the contract for the past several months and that it has been otherwise deferred. Mrs. Good stated that she agreed with Mr. Alford to ratify the contract until otherwise informed but that she preferred to do contracts by the book

A motion was offered by Mr. Alford and seconded by Mrs. Marchand. The vote passed unanimously.

MCDANIEL CONTRACT

Mr. Thorns again provided the reason and purpose for Mr. McDaniel's services, adding that Board talent and ability to deal with the details of the cost/benefit analysis gave rise for concern

by the committee in making in good and important decisions. Mr. McDaniel's services were requested by the chair of the CBA Review Committee. Mr. McDaniel's resume was found to show that he had the expertise to handle the IDB's request. Costs for his services are borne by the developer. With that, a contract was developed to cover his services.

At this time, Mr. Koch asked if this contract was for an exclusive relationship and if the Board was free to engage any other consultants to perform this work.

Mr. Wilson then interjected that the fee for Mr. McDaniel's services were in the range of \$2500 - \$3500 and asked what determines the actual cost – size of project? What? Mr. Thorns advised that his experience so far showed the prices were commensurate with the size and complexity of the project and offered Mr. McDaniel the opportunity to explain the range in fee services.

Mr. McDaniel took the floor and informed Mr. Thorns that he was correct in his explanation, further advising that complexity varies in the projects that the IDB has given to him thus far. As an example, he cited the 930 Poydras project which was a two-fold project in one by bifurcation of the application; Canal Place III is another instances that involved great complexity in structure and review and details unlike any other project. He stated that he demonstrates in his invoice the hours and the work provided during those hours.

Mrs. Jones Harris asked that in developing what the Board needs in his explanation that all claw backs be clearly defined.

It was further interjected that it show measurable that should appear in the PILOT agreement. It was further stated that claw backs give the IDB its ability to rescind its agreement if the measurable are not met. Mr. Wolf advised that the PILOT terms are laid out in the lease agreement.

Mr. Wilson then noted that the second page of the McDaniel Agreement provided for Exclusive Agreement and asked that it be changed to Entire Agreement. The request was so noted and the change to be made accordingly.

Mr. Bullock asked if Mr. McDaniel would be able to handle the number of projects that are currently on the books to which Mr. McDaniel responded so far there has been no problem.

Mr. Thompson then stated that he believed the report should be more specific rather than broad stroked; it should be answer specific showing rate of return as an example.

A motion to approve the McDaniel contract was offered by Darrel Saizan, seconded by James P. Johnson and passed without objection.

INVESTMENT POLICY

Mr. Thorns reminded the Board of the "idle" funds of the board, the IDB CD's and the question which was tabled for this meeting: "How do we deal with un-invested funds? Mrs. Good stated

that she hoped with Board would investigate what the auditors brought to the Board's attention; further advising that David Wolf provided the Board with examples of investment policies for its review. Mr. Thorns asked if the Board was prepared to discuss. It was stated that it would be preferred for the review and recommendations to come from a committee. The matter was tabled until the Investment Committee reviewed the examples and made the presentation to the Board.

FEES

Mr. Wolf reminded the Board of its \$3K application fee but that there were PILOT fees, Cost/Benefit analysis fees, closing fees which are currently set at \$1100 plus the IDB's annual fees. He further advised that if a project does not include a PILOT the Board generate revenue; with a PILOT the fee is based on 1/10 of 1% of the outstanding bonds or 1/27th of the amount of taxes that would be paid. He advised that the 1/27 is .27 of the millage rate x 15%. He suggested that this formula be changed to flow with the millage so as not to shortchange the IDB.

Someone questioned if the closing fee of \$1100 is based on a percentage of the bonds. Mr. Wolf advised that it is a nominal fee for projects with no PILOT. He also asked if the Board, in connection with the annual fee, wished to waive those closing fees if the deal is closed near the end of the year. Mr. Thorns suggested that the Board consider, when entering the contract, the long haul and anticipate the level of activity be it long or short term; that the services of the IDB be considered. Currently, he is not sure if fees saturate amount needed to protect the Board. A member of the Board asked if there was the possibility of including a "hold harmless" clause for any attorney fees that might be incurred.

After discussion of issues including the formula, direct and indirect costs of the board over the life of the PILOT or the project and IDB possible exposure during the period of

the project, it was determined that the formula should include enough funds to anticipate any board exposure. Mr. Wolf advised that LPFA closing documents provide for a formula slightly greater than that of the IDB. Mr. Wolf was then complimented on the draft that was proposed. It was suggested that a Special Committee or the Finance Committee work with David Wolf to develop policy on this issue. Mr. Wolf stated that he would gladly accept input in the meanwhile. The matter was tabled until a report from the Finance Committee was presented to the Board for consideration.

INSURANCE

This matter was tabled. Issues of concern were: protection of the Board from any onerous attacks, immunity. Mr. Alford stated that he would get with David Wolf and provide a report to the Board by the next meeting.

MONITORING

Mr. Thorns informed the Board that it has not had the time or the expertise to create a model to monitor deliverables and that at this time, the IDB is not at great risk but that it must ensure that promises made by the developer are delivered. He reminded the Board that soon projects that have gone to final agreements will be completed and will need to be monitored. These promises include jobs, sales taxes and IDB claw backs will be need to be monitored. He reminded the Board members that it will have the authority to rescind any agreement that has been made if the agreement has not been made whole. With that having been said, he directed the Board to a copy of an unsolicited proposal from the Urban League for review and discussion and approval.

Mr. Alford then suggested that the matter be tabled so as to determine IDB specific needs; Mr. Flower followed by adding that the IDB needs to see what resources were available further suggesting that matter be tabled to create the process.

Mrs. Marchand advised that a committee had been created. Mrs. Jones Harris echoed her statement, advising that DBE's had been pulled to get ideas. Mrs. Marchand advised that this committee needs to come together again to discuss the development of the monitoring process and what the IDB needs. Mr. Thorns suggested that this committee meeting and bring back ideas to the Board.

This matter was tabled.

IDB AD

The president then referred the Board to a copy of an ad in the New Orleans Tribune that was suggested in the Board retreat, creating a marketing advertising mechanism for the public to know what the IDB does and is doing. Mrs. Jones Harris stated that she thought it was important for the Board to do this type of advertising so the public would know exactly what the IDB does in terms of jobs and housing for this city so far. Mr. Saizan stated that the IDB should try to do this with other publications and asked that staff investigate City Business and Gambit for their costs of such an advertisement. After discussions were held, Mr. Thorns requested approval for payment of the ad which cost was \$2000.

The motion for approval of the payment of the ad was offered by Glenda Jones Harris and seconded by John Koch. The vote for same passed without objection.

The Board continued discussions on educating the public about the works of the IDB. Mrs. Good stated that we need to get the word to the public so that we combat the flack we take, noting that many of the projects the IDB has approved does not have a PILOT and gave for an example the Robert's project. Mr. Thorns suggested that a database be created listing projects with PILOTs and those without, adding a column for project updates.

ELECTION OF OFFICERS

Mr. Thorns advised the Board that the time has now come for him to ride off into the sunset, stating that he has enjoyed his tenure with the IDB, having enjoyed serving with each board member. It was an agonizing decision but he thought it was time. He stated that if he can be of support, he would be only a phone call away. With that having been said, Mrs. Jones Harris stated that he deserved a standing ovation for his tenure and dedication. The Board gave a standing ovation.

Mr. Thorns then asked for nominations for the office of president.

Mr. Alford nominated Tyrone Wilson. Mrs. Marchand seconded the nomination. A vote was taken and Mr. Wilson was voted in as president unopposed.

After the election, Mr. Wilson provided comments reflecting that he was honored to have been elected and that he respected all board members and their talents. He stated that he has big shoes to fill and would do his best to ensure that we keep New Orleans moving forward.

A motion to adjourn the meeting was offered by Darrell Saizan and seconded by Susan Good.

Susan P. Good, Secretary Treasurer



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

**APRIL 15, 2008
12:30 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

Torey Bullock	Farrell J. Chatelain, Jr.	Susan P. Good
Glenda Jones-Harris	James P. Johnson	John Koch
Ernest P. Legier, Jr.	Nina H. Marchand	Darrell J. Saizan, Jr.
David Thompson	Tyrone A. Wilson	

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

Absent:

W. Raley Alford, III Walter C. Flower, III

Guests:

Levern Crosby, Crosby Construction	Keetrone Singleton, Crosby Const.
Dieter Schmitz, Crosby Construction	Steven Hattier, Morgan Keegan
Ernest Gethers, City of New Orleans	Tom Crumley, Woodward Interest
Ulysses Williams, Crosby Construction	Chris Lemieux, Woodward D+B
Michael Mancuso, Elkins, LLC	Stephen Stuart, BGR
Damon Burns, Morgan Keegan	Mike Spears, M&M Dem. & Const.
Brandy Citizen, Councilman Fielkow	Paul Flower, Woodward D+B
Jared C. Brosset, City Council, Dist. D	

The meeting of the Board of the IDB opened at 12:35PM by the President, Tyrone Wilson. Introduction of all guests was had and all were welcomed. A motion for approval of the minutes was offered by Darrell Saizan and seconded by Torey Bullock and same passed without objection.

There was a presentation of a gift and proclamation to Jimmie Thorns, Jr., for services rendered as a member and serving as president for some 25 years. Congratulations and well wishes were extended.

1. Upon request of bond counsel, the President requested a motion to amend the agenda to add for final approval the 930 Poydras, LLC project. Same was offered by Ernest Legier and second by Farrell Chatelain There were no objections.

2. After presentation and discussions of the V. Crosby Construction application, a motion was offered by John Koch, seconded by C. David Thompson to grant preliminary approval. A vote passed without objection.

3. The next item on the agenda was a presentation by Tom Crumley and Paul Flower for C. E. Woodward d/b/a Woodward Design+Build, LLC seeking an opinion from the Board regarding its plan to construction a new corporate office in New Orleans if incentives could be offered. Presenters were advised that the Board could not give any indication what a vote would be and suggested that an application be filed including letters of support from City Council. The application should also show if PILOT is being requested with a detailed request, years, amount of taxes, etc.

4. Agenda order was interrupted in order for Mr. Wilson to allow Ms. Belinda Little-Wood an opportunity to present an overview of the NSA Naval/N. O. Advisory Task Force, a local redevelopment authority, for which Mr. Wilson requested a board representative to attend all meetings. Mr. John Koch accepted the appointment with Ms. Glenda Jones-Harris serving as his alternate.

5. A request for final approval of the 930 Poydras, LLC project was presented by Attorney David Wolf. Final approval was requested on 930 Poydras, LLC with the rental portion (930 Poydras Apartments, LLC) coming back later.

After the presentation and discussions, a motion to grant final approval was offered by Mrs. Nina Marchand and second by Mr. Ernest Legier. A vote was taken and same passed unanimously.

6. There was no report by the Investment Committee and the matter was tabled until next month's meeting.

7. There was no report by the Insurance Committee and the matter was, therefore, tabled.

8. There was no report concerning IDB fees and the matter, therefore, tabled.

9. In other business, Mr. Wilson advised that he met with Dr. Logan of UNO regarding the monitoring of IDB projects. He informed the Board that Dr. Logan thought it might be possible to assist the IDB with the monitoring process with the help of third year business students. Mrs. Marchand would preside over project monitoring, assessing evaluation process. It was emphasized that there has been no commitment by either the IDB or UNO and that the IDB would look at every option.

10. The issue of request for proposals for underwriters for Federal City was deferred until Mr. Cornelius could present.

11. Mr. Wilson advised that the only other business was the reconstruction of IDB committees' list. He advised that he played and reassigned committee membership and would provide a copy of same once completed.

12. In "Other Business" a presentation by Susan Good, wherein she advised the Board that she and Sharon Martin, Administrative Consultant, appeared before the City Council's Special Projects Committee on April 8, 2008. She advised that the City Council Committee (consisting of Council at Large President Arnie Fielkow, Vice President, Jackie Clarkson and Councilmember Stacy Head) was very complimentary of the Board and its work. Mrs. Good further advised issues of concern by the Special Project Committee which included: 1) the IDB procedure in securing and paying consultants for CBA's, suggesting the IDB should require the money from the developer, paying the consultant directly; 2) hosting IDB board meetings in Council Chambers – a more public atmosphere. Also discussed at the meeting was Mrs. Good's concern for hiring someone to review pro formas and the IDB application in detail. Mr. Wilson advised that the matter would be placed on next month's agenda for discussion.

By motion of Farrell Chatelain and seconded by Ernest Legier, the meeting was adjourned.

Susan P. Good, Secretary/Treasurer

Minutes approved by Board at 5-20-08 meeting.



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

**MAY 20, 2008
12:30 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III
Glenda Jones Harris
Tyrone A. Wilson

Walter C. Flower, III
Darrel J. Saizan, Jr.

Susan P. Good
C. David Thompson

Absent:

Torey Bullock
John Koch

Farrell Chatelain, Jr.
Ernest Legier, Jr.

James Paul Johnson
Nina Hebert Marchand

Also Present:

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

Guests:

Mavis Early, GNO Hotel & Lodging Association
Sterling Doucette, Doucette & Associates
Carliss Knesel, Hancock Bank
Bill Ryan, Stirling Forterra
Steven Hattier, Morgan Keegan
Karen Gadbois, Northwest Carrollton Neighborhood
Sarah Lewis, Lake Vista
Ulysses Williams, Crosby Construction
Keetrone Singleton, Crosby Construction
Dieter Schmitz, Crosby Construction
Ty Carlos, Bank of New York, Mellon
Denis Milliner, Bank of New York, Mellon
Darrell Cherry, Perez Architects
Tom Crumley, Woodward Interests
Chris Lemieux, Woodward Interests
Paul Flower, Woodward Interests
Paul Baricos, Carrollton-Hollygrove, CDC
Joe Sherman, Carrollton-Hollygrove, CDC
Jordan Monsour, Elkins, PLC
Levern Crosby, Crosby Construction

Tara Hernandez, JCH Development
Mark Salvetti, Stirling Forterra
Terri Franklin, Regions Bank
John Sibal, Eustic Comm. Mtg.
Mark Madderra, Madderra & Cazalot
Jacob Carpraro, Economic Analysis Consultants
Charles Murphy, 1732 Cahal St., Washington, D. C.
Robert Taylor, 1732 Cahal St., Washington, D. C.
Damon Burns, Morgan Keegan
Brandy Citizen, Office of Councilman Arnie Fielkow
Stephen Stuart, Bureau of Governmental Research

The meeting was called to order at 12:55 by the President, Tyrone Wilson. Introductions were had by all in attendance. A motion to approve the minutes of the April meeting was given by Glenda Jones Harris and seconded by Darrel Saizan and passed without objection.

C. E. Woodward d/b/a Woodard Design+Build. Presentation of this project was conducted by Paul Flowers. During the presentation Mr. Flowers advised that as of this date, C. E. Woodward was not seeking a PILOT but requested to leave the option open should their pursuit of an RTA (Real Estate Tax Abatement) fail. The Developer was asked to provide a timetable on the RTA. Mr. Crumley advised they are currently working on this issue and could not give a defined answer. After all discussions, the President requested a motion to grant preliminary approval. Same was offered by W. Raley Alford III and seconded by Darryl Saizan. Upon vote, Mr. Flower recused himself and upon final vote, the matter passed unanimously. Mr. Wilson advised that a letter from the IDB would be forthcoming explaining the conditions upon which the preliminary approval was granted. He then congratulated the developer.

3300 Garden Oaks, LLC. The presentation of this project was conducted by Steven Hattier on behalf of Harrison Parks, the Developer. A PILOT is requested. He advised that a letter of support from the Office of Recovery Development and Administration was received and that the Board should have a copy of same. After the presentation, Mrs. Harris expressed concern in giving PILOT on a project in an area where a number of other apartment complexes have come back and have been redeveloped without a PILOT. Mr. Jordan Monsour requested to be recognized to explain that an appraisal was done on the property in 2006. At that time the owner did cosmetic work without investing insurance proceeds. This was not the real problem. The current project seeks to complete necessary rehab and further stated that the property is not habitable at this time. Mr. Alford asked that the developer present a case as to why it needs relief for this project.

After all questions, discussions and responses, the President requested a motion the grant or not granting of preliminary approval. A motion by C. David Thompson was offered, seconded by Susan Good to grant preliminary approval and the matter passed unanimously upon vote.

930 Poydras, Apartments, LLC – Final Approval Bond Counsel, David Wolf, advised that the request for approval being sought is on the second part of the project – the apartments. He reminded the Board that it granted final approval on the 930 Poydras, LLC at the April Board meeting. The apartments phase is a separate ownership, seeking \$36.4M to finance 250 units which will be privately placed with CapMark. No GO Zone bonds are being sought. A PILOT is being sought, however, on both phases of the project. After presentation and the proposed resolution presented, the President requested a motion to grant final approval as presented. The motion was made by Susan Good and seconded by W. Raley Alford. A vote was taken and the grant for final approval passed unanimously.

After the approval, Mr. Flower broached the subject of monitoring which was briefly discussed.

Administrative Consultant Report Ms. Martin was asked to make her report and same was completed.

The next issue of discussion was “claw backs”. Mr. Wilson asked to have this matter resolved, advising that parameters needed to be set and included in all lease agreements of specific “measurables” to monitor. Mr. Wolf advised that some measurables are included in lease agreements, namely, “jobs” as it is an easy one to monitor. Should the developer fall short, there is a corresponding increase in the PILOT granted. He further advised that housing is a bit more difficult and harder to monitor. Mr. Wilson stated that he would like to see reference to the use of local contractors included, further stating that the Board may not be able to enforce but if it is agreed upon by the developer as a condition, it can be measured. Mr. Wolf stated that he would try to come up with some language.

Mrs. Harris then added that she received a copy of a community benefit agreement and she wished to share it with the Board but did not have a copy at this time. She then asked how such a community benefit agreement could also be tied in with the lease agreement. Mrs. Good interjected that the problem is the IDB needs to engage someone to monitor the final program and thought perhaps an RFP could be sent out seeking to find someone who could help with the CBA and monitoring. Mr. Wilson then informed the Board that the monitoring issue is being worked on and hopes to have something soon addressing the issue. The cost could be minimal he added. Mrs. Good also asked that the entire CBA process be looked into. Attorney Wolf stated that he would come up with a form to be included in the application regarding the PILOT which would include a request for justification. It was also suggested that the CBA be included in the application.

COMMITTEE REPORTS

Insurance: Mr. Alford advised that he reviewed the proposals submitted by AIG and CRC. He advised that the IDB is a hybrid corporation and public body. He advised that a state statute intended to provide protection provides immunity for discretionary acts – policy and operational. On the other hand, he stated, the cost as quoted by AIG and CRC are modest, if the Board wished. He will report back at the next meeting at which time the Board could vote.

Investment Policy: Mr. Wilson advised that he received a letter from Toni Hackett offering to provide services in reviewing the IDB investment policy issue. She has worked with several organizations on developing theirs. It appears to be free of charge. He stated that he has turned the letter over to Susan Good and John Koch for discussion by the Budget and Finance Committee.

OTHER BUSINESS

Mr. Wilson advised that the Commercial Realtors Division has invited the IDB to come and speak at one of its meetings and asked if anyone was interested in speaking at the event. No one accepted. He further stated that the Board had previously discussed setting up a “speaker’s bureau” and suggested that discussions ensue to create consistent talking points.

Attendance and Board policy regarding same was raised. Sharon is to provide the Board with a copy of said policy if one does exist.

The meeting was adjourned by motion of Dave Thompson and seconded by Susan Good.

Susan P. Good, Secretary-Treasurer



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

JUNE 17, 2008

12:30 P.M.

**10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III
Susan P. Good
Ernest P. Legier, Jr.
C. David Thompson

Farrell J. Chatelain, Jr.
James Paul Johnson
Nina Hebert-Marchand
Tyrone A. Wilson

Walter C. Flower, III
John Koch
Darrel J. Saizan, Jr.

Absent:

Torey Bullock

Glenda Jones-Harris

Also Present:

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

Guests:

Denis Milliner, Bank of New York Trust
Gilbert Smith, U. S. Raceway Group
Alfred Crozier, Baronne Development Partners
Stanley McDaniel, McDaniel Group
Damon Burns, Morgan Keegan
Steven Hattier, Morgan Keegan
A. K. Gordon, Peltier Gardens
Rhonda Williams, Assessors Office
Ernest Gethers, City of New Orleans
Carliss Knesel, Hancock Bank
Terri Franklin, Regions Bank
Wayne J. Neveu, Foley & Judell
Bill Langkopp, Greater New Orleans Hotel & Lodging Association
Jacob Capraro, Economic Analysis Consultants
Darrell Cherry, Perez
Stephen Stuart, Bureau of Governmental Research

Mark Boucree, Volunteers of America
LaSwanda Green, Downtown Development District
Myron O. Lee, Sr., CDE, Linc.
Trevor Williams, Metro Source
Gionne Jourdan, Michaels Development Corp.
Brandy Citizen, Councilman Arnie Fielkow
Kate Moran, Times Picayune
Vaughn R. Fauria, NewCorp Business Assistance Center
Jeff Thomas, Office of Recovery & Development Admin., City of New Orleans
Karl Kehoe, Real Estate Tax Group
Toni Hackett, Morgan Keegan
Don Allison, Advantous Consulting

The meeting was called to order at 12:37 by the President, Tyrone Wilson. Introductions by all in attendance was requested and completed. A motion to approve the minutes of the May meeting was offered by C. David Thompson and seconded by Walter C. Flower III and passed without objection.

Baronne Development Partners

An overview of the project was presented by Al Crozier, Executive Vice President of TCI. He explained that the original application that was submitted under Baronne Street Project and was given preliminary approval. The project has changed considerably including the developer and project plan. A letter of support from Councilmember Stacy Head was given to each Board member by Mr. Crozier. He advised that Baronne Development Partners is seeking a 10-year PILOT, although the application requests a 20-year PILOT. After his presentation and discussions regarding confusion of the PILOT request and the outstanding taxes being contest, the Board requested a new PILOT proposal with clarity regarding tax questions raised in the PILOT proposal. A motion to grant preliminary approval was requested by the President. A motion was offered by Ernest Legier and seconded by Farrell Chatelain to grant preliminary approval. Upon vote of the Board, the matter passed unanimously. The developer was advised that preliminary approval is non-binding, and further advised that by requesting a PILOT the developer must agree to have a cost/benefit analysis conducted which cost is borne by the developer. Mr. Wilson explained that a letter with details of the conditions under which preliminary approval is granted would be forthcoming. He then congratulated the developer.

As an aside, Mr. Flower asked if there was any clear way to verify what assessment has been assigned and the nature of any conflicts that may be pending. Attorney Wolf advised that this could dovetail with application form modification that is being worked on. Taxes can be verified.

CHANGE OF REGISTERED AGENT

A motion to change the registered agent and address from Jim Thorns to Ray Cornelius of Adams & Reese was presented by Farrell Chatelain and second by John Koch. There were no objections and the matter passed unanimously.

MEMBERSHIP IN URBAN LAND INSTITUTE

Mr. Wilson provided the Board with a report on his and Glenda Jones Harris' attendance at the recent ULI district council meeting. He advised that at the meeting a report distributed at the meeting showed 71 major projects/developments taking place in the City of which 27 were IDB projects. The ULI, he advised, could provide the IDB with some needed resources and further advised that it is a well-respected organization. He requested that the IDB take membership in this organization and asked for Board support. After discussions, a motion by Raley Alford was presented and seconded by Ernest Legier support the IDB's membership in ULI. The matter passed without objection.

FINANCIAL REPORTS

Mrs. Good advised each member that a copy of May's financial reports were included in their respective folders and asked if everyone wanted as much information. There were no questions or comments regarding the reports. The reports will be distributed as is currently distributed.

LABOR

Mrs. Good advised that she is doing an analysis on this matter to ensure that changing Ms. Martin from independent consultant to employee remains within the budget. She advised that in making this change, the board will have a slight increase in expenses. She further advised that a company has been identified to do the payroll twice a month. This company will also do tax reporting. It is anticipated that this will take place next month.

OFFICE MOVE

Ms. Martin informed the Board that Ms. Pat Robinson with the City advised that there may be a mandatory move from the 11th floor to the 9th floor effective at the end of June. She further advised that it was not determined if the City would bear the cost of the mandatory move or the IDB. It was suggested that reasonable expenses for this move be considered. Mrs. Good was concerned about the increase in rent as a result of the move to a larger space and asked Ms. Martin to see if she could get an answer to the questions. Ms. Martin is also to get a copy of the current lease to Mr. Chatelain and Mr. Cornelius for their review and input. Mr. Wilson advised that the IDB is getting a good deal on the rent as it stands. The matter was tabled until the July meeting.

Susan P. Good, Secretary-Treasurer



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

**JULY 15, 2008
12:30 P.M.
10TH FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III
James Paul Johnson
C. David Thompson

Walter C. Flower, III
John Koch
Tyrone A. Wilson

Susan P. Good
Darrel J. Saizan, Jr.

Absent:

Farrell J. Chatelain, Jr.

Glenda Jones-Harris

Ernest Legier

Also Present:

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

Guests:

Karen Cato-Turner, HANO
Judith Moran, HANO
Elias Costallenos, HANO
Mark Savetti, Stirling Forterra
Paul Simoneaux, Elkins, PLC

Terri Franklin, Regions Bank
Dorian Hastings, Central City Reaissance Alliance
Jeff Marshall, Stirling Forterra
Stephen Stuart, Bureau of Governmental Research
Noel Khalil, HANO
Damon Burns, Morgan Keegan & Co.
Bruce Egger, Times Picayune
Ernest Gethers, City of New Orleans
Stanley McDaniel, McDaniel Group
Una Anderson, NONDC
David Gernhanger, Office of Arnie Fielkow
Lee Bressler, Morgan Keegan
Rhonda Williams, 1st Dist. Assessor's Office
Steven Hattier, Morgan Keegan
Morris Kahn, Kahn and

Don Allison, Advantous Consulting
Vaughn R. Fauria, New Corp, Inc.
Rick Blount, Antoinnes Properties
Ariella Cohen, N. O. City Business
Creig Brown, Metro Source
Karl Kehoe, Real Estate Tax Group
J. Borden, Antoine's Properties
Diane Johnson, HANO Board Commissioner

The meeting was called to order at 12:40 by the President, Tyrone Wilson. Introductions by all in attendance was requested and completed. A motion to approve the minutes of the June meeting was offered by Susan Good and seconded by John Koch and passed without objection.

ANTOINE'S PROPERTIES NO. 1, LLC

An overview of the project was presented by Rick Blount. He advised that GO Zone bonds in the amount of \$12M were being sought and that the project qualified for same per discussions with the Office of Recovery and Development Administration. Mr. Wolf then interceded, further presenting the overview of the project, advising the developer will not be seeking a PILOT. Attorney Paul Simoneaux, attorney for developer, explained that the developer is currently seeking an RTA through the City, but requested to keep the option open of requesting a PILOT. The Board was further advised that none of the bond money would go towards the apartments proposed for this project. After all discussions were had, David C. Thompson motioned and same was seconded by John Koch to grant preliminary approval to the developer. Upon vote, the grant was passed unanimously.

STIRLING FORTERRA

The project overview presentation was made by Louis Stirling, the developer. He advised the project was seeking \$4.5M in GO Zone bonds for the renovations of Bultman for the opening of a Borders Bookstore, located at St. Charles and Napoleon Avenues. The financing will be private placement with Hancock Bank. No PILOT is requested. Mr. Jeff Marshal, a representative of Stirling Forterra, advised that construction was progressing and plans are to open in November. This development will serve as an economic impetus for the area – a bank will be opening at St. Charles and Napoleon and the Exxon service station re-opening. After all discussions and questions, a motion for a grant final approval was offered by John Koch and seconded by Walter Flower. Upon a vote of the Board, there was unanimous approval for the grant of final approval.

RESIGNATIONS AND ELECTIONS

Mr. Wilson reminded the Board of the resignations of Torey Bullock and Nina Marchand, who served as Vice President. With her resignation, the post of Vice President became vacant. He called for nominations for a vice president. Mr. Walter Flower was nominated. A vote was taken and it passed unanimously.

C. J. PEETE

The presentation of the B. W. Cooper and C. J. Peete developments was made by Attorney, Wayne Neveu. In this matter, Mr. Neveu serves as bond counsel to the IDB. He advised, for the sake of those who were not present, that a public hearing was held just prior to the board meeting; the project seeks \$35M in bonds, and there were no objections to the project. Representatives for this presentation included: Judith Moran, Elias Costellanos, a representative of McCormack Barron, Una Anderson, Jonathan Goldstein, Yusep Freeman, Dave Glover, Karen Cato-Turner and the new commissioner. The board was informed of the total number of units proposed for each unit and those designated for market rate and mixed and low-income. To show that it was attempting to honor requirements of the IDB for use of locals, HANO informed that Woodward Design-Building serves as the general contractor along Julian Engineer, a local MBE; Ownership structure is a partnership between HANO and the two developers, designated as tax credit investors; The total project budget is \$130M, having been awarded \$8 in low income housing tax credits through Sun America; It received \$27M through block grant from OCD and a HOPE IV grant of \$20M for infrastructure. This they advised was a “true partnership”.

Mrs. Una Anderson of NONDC, interjected that she was pushing for the benefit of a PILOT to these developments; that McCormack Barron committed to helping with school development, a health clinic both ancillary developments/projects of the neighborhoods..

At this point, Stan McDaniel was asked to make his presentation on the review of the cost/benefit analyses of the Cooper and Peete projects both of which were prepared by Metro Source. Mr. McDaniel began by informing the Board that both developments look for tax benefits and were viewed as a “but for” benefits, and that he looked at the financing of the projects with the “but for” philosophy. From his review, he stated there appears to be very little cash flow; much goes to debt service (HANO debt). In his analysis he looked at the cost for public housing – there are no taxes; Metro looks at net income (LIHTC and market rate and NOI. He advised that in considering the market rate value, he applied a millage rate and taxes. It was clear that it would not support the overall project. The project is a cross-subsidy. The cost to the City, according to the Metro CBA is \$6.5M; the net fiscal benefit is \$8.5M. These include subsidies, hard costs and expenses. Also added is the “x” benefit of \$133M – an infusion of cash to the market place. As benchmarks, he recommended that HANO provide to the IDB a statement of materials were purchased, a record of who was hired including contractors and vendors used to prove up the economic benefit to the city. These would be the measurables for which clawbacks would correlate.

He advised that HANO is asking for a 30-year PILOT on both the non-public and public housing for these projects. He further advised that some scenarios show negative rents. In the final analysis, he recommended 100% tax abatement on the public housing for 30 years and a 15-year PILOT on LIHTC and market rate units, necessary, he stated this would support the soft debt and the public housing aspects of the project.

Board members raised questions regarding the strategy used for reaching out to potential returning residents. HANO representatives responded that through Tier One they have connected with some 180 plus New Orleans residents who wish to return to New Orleans.

HANO representative also advised that the local area school, Lafon, near the Peete, is located atop a cemetery and they are asking the State to look at Woodson for revitalization in the area. Mrs. Moran advised that new market tax credits are available for schools and, that discussions are underway with Dr. Ed. Blakely of the Office of Recovery and Development and the school district. She further advised that the Treasury Department awarded tax credits for use in New Orleans.

They further ensured that interviews, through Woodward, have taken place to ensure residents are getting jobs, as well as the selection of a local civil engineer and other local professionals are being considered.

HANO was asked about material purchases and the insurance that local vendors are reaping some of the economic benefits of this project. HANO responded, advising they have a procurement policy; that HANO is concerned about MBE participation; that they have made known IDB requirements and it is a part of their agreement. The board indicated that because of the strong correlation to come back home and work, they would like to see the contractor talking to Central City neighborhood. Ms. Moran advised that HANO has staff to assist residents (former residents included) to be trained or those interested in being trained.

Mr. Thompson asked the representatives to provide a rationale for the issuance of a PILOT on these projects and was the PILOT serving a subsidization of the project; or was it to create a cushion; where do the dollars flow and what type of cushion is being created; will you break even on public housing. The board requested a clear breakdown of the cash flow (in and out) of the HANO projects. The Commissioner assured the board that HANO was as much concerned about this and that it could be assured that HANO is taking every possible measure to ensure local participation.

Mr. Wilson stated he understood the need for housing but he strongly subscribes to the idea that the \$133M be spent in New Orleans and that such language is included in the final lease agreement. If there is no language obligating HANO to such commitments it will be difficult to get a vote of approval from him as he could not speak on behalf of the other board members. He reminded HANO of its past track record with the IDB. He re-emphasized that there needs to be a commitment to New Orleans.

Mr. Koch requested a “white paper” on public housing and how the cash flow works. HANO agreed to provide.

B. W. COOPER

Mr. McDaniel advised that the economics of this project is similar in nature to the Peete project. He provided, as reference, a project overview, advising that it, too, looks at the LIHTCs and market rate units to help subsidize the project. There is no sufficient cash flow to handle the

debt. The cost to the City is \$7.1M, the benefit \$8M with a 1 – 1.3 ratio; however, when you add back in the earnings benefits, the benefits increase to 11 – 1. He stated that any excess cash is generated, could be correlated to the claw back; failure to meet the commitments requested by the IDB could unravel the deal, and pulled from any surplus cash.

Mr. Saizan wanted to know if the Cooper is involved with Booker Washington High School which is, as he understood and appreciated, renovated. He further stated that it was his understanding that the development has current renters. HANO representative responded, advising there is community work with Booker Washington in the second phase. Mr. Saizan then interjected that inasmuch as they development is on a major thruway, it could become the retail corridor for that area. He then asked if there were any considerations for retail opportunity.

After all discussions, questions and responses, Mr. Wilson asked the board for consideration of waiving CBAs on the remaining HANO projects, advising that Mr. McDaniel stated that he could do reviews on each based on the information requested from HANO and the application. A motion was offered for same by Mr. Saizan and seconded by Mr. Alford.

HANO advised that it was seeking final approval on these two projects with a timeline of completion of August.

Mrs. Good questioned the method to make the summary without the CBA as it was only one part of the process. Mr. McDaniel began to providing an explanation as to how, but was interrupted. A timetable was requested to which HANO stated they would be looking for final on the Cooper and Peete at the August meeting; further stating that closing on the remaining projects would be sought by the end of the year. They advised that PILOTs would be sought on the Fischer, Lafitte and St. Bernard. Mr. Alford asked if they could get a “white paper” on these developments as well. Mr. McDaniel advised that claw backs need to be addressed to determine what can be expected. It was recommended that HANO work these out with counsel at Adams and Reese. It was recommended that since final was being sought in August, this process be done sooner rather than later. Creig Brown informed the Board that CBAs have already been started. The board considering the engagement of Metro Source and the start of the CBAs, the motion on the table was withdrawn. HANO was instructed to get their PILOT proposal, with specific measurables and claw backs to the board prior to the next meeting.

ADMINISTRATIVE REPORT

Because of time constraints and other issues on the agenda, Ms. Martin’s report was deferred and she was asked to email the report to each Board member. Two additional items were added to the agenda as follows:

930 POYDRAS, LLC (GARAGE)

Attorney David Wolf presented a final resolution seeking final approval for bond issuance from the Board. He advised that the financing of the \$17.5M project involved new market tax credits; that because of tax credit structure, First Bank & Trust will not be buying the bonds; that one of Gibbs’ development companies will purchase bonds to get PILOT; these will be taxable bonds and paid from the 930 Poydras project; all other terms remain the same – no changes. A motion

to ratify the final resolution with the above changes was presented by Mr. Alford and seconded by Mr. Koch. The vote passed unanimously.

FEDERAL CITY

Attorney Ray Cornelius presented this matter, advising that Federal City seeks final approval for issuance of the bonds requested. He advised that these bonds are paid by the State and does not pay debt service. He advised that the State issued an RFP process, two graders participated (Sharon Martin and Del in the initial review which was subsequently graded by the State. The local graders wanted local presence in the underwriting process. Nine firms responded. The result was Morgan Keegan serving a senior manager; with Wachovia and Dorsey & Co. (a New Orleans Group) serving as co-manager based on what they sell. He stated that it needed approval of the Board otherwise the fees would be pulled from the funding.

A motion for final approval for the issuance of bonds in this matter was offered by Darrel Saizan and seconded by John Koch. Upon vote, final approval passed without objection.

EXECUTIVE SESSION

The matter was deferred until later in the agenda.

IDB FEE POLICY

This matter was tabled until next board meeting.

IDB APPLICATION

Dave Thompson presented the Board with a revised version of the IDB application on which he and David Wolf worked. The application was reformatted. What was previously required for the PILOT consideration was thrown out and revised completely. Mr. Cornelius' suggestion of requiring a \$500 application fee for projects not requesting a PILOT was included, leaving the \$3,000 in effect for those projects seeking a PILOT. Mr. Wolf advised that the application is evolving. After review and comments, Sharon was directed to place the new application on the website after recommended changes were made.

S. B. FRIEDMAN PROPOSAL

Mr. Wilson reminded the Board that an article written by S. B. Friedman which tackles issues before the Board including PILOTs was emailed to each member for discussion and consideration at this meeting. He stated that he believes the article nailed down issues being considered by the policy and procedures committee. He reminded the Board that also delivered to each board member was a proposal by Friedman to make a presentation to the Board. The proposal included background information, research, and meetings with the Board. Mr. Alford then reminded the Board that before Jimmie Thorns left, he asked BGR to assist with some best practices. After reminders and a request for a follow up with BGR on their involvement, this matter was tabled until the next meeting. Mr. Wilson stated that he will try to get with BGR before the next meeting.

BOARD DEVELOPMENT

Matter tabled until next meeting.

IDB BANKING

Mrs. Good informed the board of the status of current banking with accounts in excess of \$100K, the recent receipt of \$112K in payment of a servitude at Six Flags and the need to get IDB accounts under \$100K. A motion was offered to create three new money market accounts so as to keep \$100K or less in each account. Upon vote of the Board, the matter passed unanimously.

EXECUTIVE SESSION

All attendees were advised that an executive session would take place requiring a closed door meeting to discuss employment issues. Upon advice of counsel that you must have an agenda to go into an executive session the board recalled any attendee to the conference room and pursued discussion of the dissolution of the contract for services of Sharon Martin as an independent contractor to the employment of Sharon Martin as a salaried employee and Joy Matthews as a part-time employee. After Mrs. Good provided the formula for salary, that the budgeted amount for Sharon Martin was \$58K and after backing out taxes for FICA and Medi-care, thus reducing net salary to \$53.5K, with the Board picking up its share of taxes for FICA and medi-care, liability and unemployment insurance, the Board was asked for a motion to hire Sharon Martin as a salaried employee at the rate of \$53.5K per year, beginning August 1, 2008, including 12 ½ holidays and 10 paid vacation days. A motion was offered by Susan Good and seconded by John Koch. The vote passed unanimously. Payroll will be handled through Payroll Rx.

A motion to adjourn was offered by Mr. Alford and seconded by Mr. Thompson, and same passed without objection.

Susan P. Good, Secretary Treasurer



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

**AUGUST 19, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III	Farrell J. Chatelain, Jr.	Walter C. Flower, III
Susan P. Good	Glenda Jones-Harris	James Paul Johnson
John Koch	Darrel J. Saizan, Jr.	C. David Thompson
Tyrone A. Wilson		

Absent:

James Paul Johnson Ernest Legier

Also Present:

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

Guests:

Carliss Knesel, Hancock Bank
Yusef Freeman, MBS
Kevin McCormack, MBS
Bruce Egger, Times-Picayune
Sidney Bourgeois, Steel Inc. Group
Gary Silbert, Entergy
Arnold Baker, Baker Ready Mix & Building Materials
Rev. Clarence J. Bickham, New Orleans City Council
Ty Carlos, Bank of N. Y., Mellon
Nnamdi Thompson, Governmental Consultants
Denis Milliner, Bank of N. Y. Mellon
Matt Morrin, Enterprise Homes
Ed. W. Campbell, USA Architects and Engineers, Inc.
Breada Leach, Dreammation-Education and Training
J. F. Kelly, Providence
Ernest Gethers, City of New Orleans
Jack Northrop, Metro Source, LLC
Stanley McDaniel, McDaniel Group
Daniel Slakich, Ellis Construction, Inc.

Steven Hattier, Morgan Keegan
Pamela Hammond, Elkins, PLC
Russell M. Fraise, Fraise Valets
Terri Baptiste Franklin, Regions Bank
Kate Moran, Times-Picayune
Brett Sides, Phelps Dunbar
Alvin Miester, Sher Garner
Trevor Williams, Metro Source
Elias Costellanos, HANO
Morris Khan, Orpheum Theater
Paul Simoneaux, Elkins, PLC
Mike McCroskey, KBK Enterprises
Mary Alexander, HANO
Diane Johnson, HANO
Preston Ferrell, USA architects and Engineers
Lonnie Hewitt, Hewitt-Washington and Associates Architects
Shawn Escoffery, CCP
Una Anderson, CCP/NONDC
Judith Moran, HANO
Monika McKay, Columbia Residential
Jim Graulney, Columbia Residential
Jake von Trapp, Columbia Residential
Damon Burns, Morgan Keegan
Brandy Citizen, Cnslmn Arnie Fielkow
Ryan Carley, JCH Development
Vaughn R. Fauria, NewCorp
Linda Pompa, Urban Strategies
Dorian Hasting, Central City Renaissance Alliance
Glenda Spears, Central City Renaissance Alliance
J. T. Hannan, Bayou District Foundation
Mike Rodrigue, Bayou District Foundation
Eric Strahan, Cncl. Jacquelyn Brechtel Clarkson
Scott Zander, Jones Walker
Maria Julianna Auzenne, Auzenne & Associates
Mark Boucree, Volunteers of America
Richard Cortizas, Jones Walker
Stacy Head, Council-District B, City of New Orleans
Don Allison, Advantous Consulting, LLC
Patrick Quinn
Wayne Neveu, Foley & Judell

The meeting was called to order at 12:42 by the President, Tyrone Wilson. Introductions by all in attendance was requested and completed. A motion to approve the minutes of the July

meeting with noted changes recommended by Susan Good was offered by W. Raley Alford III and seconded by Glenda Jones-Harris. The vote passed without objection.

DREAMMATION

Bond counsel, David Wolf presented this application, advising that applicants seek an amount not exceeding \$52M in GO Zone bonds for redevelopment of the Kenilworth Mall site. No PILOT is being sought. Ms. Breda Leach was then recognized who presented the vision and mission statement of Dreammation, advising the project seeks to create 3000 plus jobs for the New Orleans area.

Mr. Keith Johnson, founder and chief operating officer, then took the floor advising that the redevelopment would turn Kenilworth Mall into Hollywood South Plaza a project that combines a Family Fun Center/Mini Amusement Park, Film, Animation and Music Studios, Hotel, Shopping and Food Centers. He then provided a presentation of the product line which includes Philbert's Party Pals and a greeting card bouquet. He added that the facility would have manufacturing included and it would all be done locally. He added that currently, Dreammation has sponsors such as Mattel and Disney for its products. There are also plans to develop a disk (blue ray) manufacturing company. The vision is to create jobs for dislocated citizens as a result of Hurricane Katrina. That would make New Orleans the blue ray capital of the U. S. with production and press bringing in major companies such as Sony.

A presentation was then made by Mr. Ed. Campbell, a Dreammation team member and who is also a stockholder. Mr. Campbell informed the board that he and the Dreammation Team have met with Councilwoman Cynthia Hedge-Morrell and her staff, Dr. Blakely and members of his staff and staff of the IDB. Both of Councilmember Hedge-Morrell and Dr. Blakely support and endorse the project and its components. He stated that the team has requested a list of the neighborhood associations from the Councilmember so the opinions of the residents of the area in their decision-making process. Further, it is anticipated that the development would generate considerable traffic and that a study impact will be undertaken, relocating ramps if necessary.

Mr. Campbell then informed the Board that he has signed letters of engagement from local businesses, architects, engineers and others participating in the project, They are ready also to close the deal on the land. Plans are to open in 2011. Current budget is \$187M.

Ms. Jones-Harris interjected that manufacturing was mentioned in the application and the presentation but that such structures are not visible in the plans. Mr. Johnson advised that currently a media access plant is located in Houston which manufactures but a site for the blue ray disks manufacturing is being sought in New Orleans. He added that many of the plans for the Kenilworth development will continue to be submitted to the IDB. What can be anticipated is a manufacturing facility for Philbert's Party Pals products, i.e., back packs, t-shirts, etc. The goal is to create jobs and manufacturing jobs are usually higher paying jobs. Teens will be hired and trained as this will be a recreational facility.

The Dreamation Team was advised that there is a limited pool of GO Zone bonds and that same is given out by the State Bond Commission based on Dr. Blakely's approval.

After the presentation and the answering of questions, the president requested a motion to grant preliminary approval. A motion was offered by John Koch and seconded by Glenda Jones-Harris for grant of preliminary approval. The vote passed with Mr. Chatelain opposing and Mr. Flower abstaining.

THE W PROPERTIES GROUP

David Wolf presented this matter to the Board, advising that the applicants seek an amount not exceeding \$8M for the redevelopment of the Orpheum Theater. Mr. Morris Kahn, a representative of the developer, advised that the building was acquired in October 2005, is historic and the preservation of the venue is consistent with guidelines for historic buildings. The theater must meet criteria and utilization. At issue is enlargement of the stage. The facility will be capable of multiple bookings. He stated that he could not say what acts would be contract but did state that he would appreciate the support of the IDB. The space could also be used for conference related matters.

After a series of questions and answers, a request for a motion to grant preliminary approval was made. By motion of Susan Good, seconded by John Koch, the matter was voted upon and there were no objections. The vote passed unanimously.

THE SAULET

Bond counsel, Jade Russell, presented this matter, advising that the IDB Board had previously granted final approval in the regard to CG Multi-Family. Because of new ownership of the property, the applicant now comes before the board asking for approval of a new bond, issuance, and lease agreement transferring the property to new owners, AVR Saulet, LLC. Mrs. Good asked if this was the same bond issue. AVR Saulet is based in New Orleans and has interest in Los Angeles as well as New Orleans with over \$2B in real estate. Mr. Flowers asked who would be behind the financing if AVR failed or had difficulty. Mr. Cornelius then informed the Board that bonds involved in this issue is not held by the public but rather is purchased by the lender; that CapMark has already evaluated the developer's ability to pay; investment letters have been signed indicating AVR can absorb risk of failure; CapMark holds the bonds and AVR has \$30M of its own equity invested. Mr. Koch's question concerning current occupancy was answered by Brett Sides who represented the developer, and who advised that currently it is 80% occupied and that before the transfer, rehabilitation and construction is complete, it will be 100% occupied.

There being no further discussion, the president requested a motion to grant approval for the issuance of a new bond to the new owner and transfer of ownership in the lease agreement.

By motion of Farrell Chatelain, seconded by C. David Thompson, the vote passed unanimously.

B. W. COOPER AND C. J. PEETE

Bond counsel, David Wolf informed the board that the developers now before the Board is requesting 1) approval to increase the bond amount from \$35M to \$45M as there was an increase of \$10M in one of the projects. (The Board previously gave preliminary approval on the six HANO projects in the total amount of \$35M). 2) a PILOT is being sought in each development which will be incorporated in the Lease Agreement; that Adams and Reese is attempting to ensure the commitments. He advised further that HANO has agreed to pay the City 75% of any profits (surplus cash) with the qualification that it is strictly 75% of surplus cash. There is no other investment to investors – no pass up to investors other than surplus cash.

Mr. Wilson then asked if there were any questions from the Board to which Mr. Koch responded that he hardly knew where to start.

Attorney Wayne Neveu, counsel for HANO, requested recognition and provided the Board with an explanation of the return on investment, advising among other things that projects such as those developed by HANO have tax credits, generating investors who invest for tax benefits which occur each year; and that housing development such as these are not like commercial developments.

Mr. Wilson then asked about the investor/developer fee. Mr. Neveu explained that the developer fee is paid to the parties contracted to put the deal together and is a payment not from cash flow. The investor gets return from tax benefits – the tax credits (example: \$10M project, \$90K is credit, the investor gets off-set of tax liability dollar for dollar). Mr. Wilson then asked if there was a separate fee for investors. Mr. Neveu clarified that there is no investor fee but there are fees for operation, requiring parties to audit which is an expense to investors. Mr. Chatelain asked if there is no cash flow, how do you off-set. Mr. Neveu explained that there is a passive loss against income as most credit is sold in syndication.

Mr. Wilson then addressed the PILOT proposal and clawbacks. Mr. Elias Castellanos of HANO advised that they are tracking dollars spent and the range is between 30 – 70%. Ms. Moran advised that dollars spent is listed in the quarterly report that is submitted to the IDB.

Mr. Wilson then acknowledged Councilmember Stacy Head who was in attendance.

Mr. Flower advised that now is the time that New Orleans needs strong support for employment and that “best efforts” are not adequate, we must demand greater percentage of dollars to be spent in New Orleans and that based on the documents circulated this morning, 20% is far too low. At this point, Mary Alexander (Contracts & Compliance/HANO) took the floor, advising that HANO is required to advertise for proposals and bids and must go with the lowest bidder; the bidder must be licensed; that outreach to locals have taken place and that HANO doesn’t have the flexibility to determine who to use as they must use the lowest bidder. Mr. Chatelain then interjected that if New Orleans is giving up revenue, the IDB does not want jobs or contracts shipped outside the state or the city. Ms. Alexander provided additional explanations concerning Section III, geographical preferences concerning supplies, contracting M and WBEs;

she did stated that developers don't have procurement burdens or restrictions as HANO does and that the developers are concerned about local impact. She further advised that there are provisions in HANO's procurement plan (which was submitted) and asked the Board to understand that there are compliances HANO has to follow. The board advised that there is nothing to stop the use of local vendors and asked further if locals have been used. Ms. Alexander responded, advising that locals have been used and then stated that demolition is not one that will create jobs but that local are getting work. Mr. Koch then asked, what are the claw backs for these projects to which Mr. Neveu responded, none. Mr. Koch then asked about the costs for City infrastructure for these developments. Mr. Neveu advised that the City has an obligation to bring back blighted areas and cited the St. Thomas, Fischer, Florida and Desire, as examples of the City's investment in such areas adding that the City is committed to this and has dedicated help with the infrastructure.

Mr. Wilson then asked if Councilmember Head would like to chime in. (At this time, Darrell Saizan arrived).

Ms. Head took the floor first commending the IDB for the job it is doing. She advised that lots of time and effort have been spent trying to put these developments together and but for Katrina the City would not be at this point. GO Zone bonds moved the City up by 10 year. This model should have been used ten years ago. She advised that this is a good thing to do at this time; that after a long study of the matter, the time is right to move the project forward in light of the feds giving money for financing the project. It is right to ensure benefits to the City. It is anticipated that the redevelopment will reduce crime in the area, she stated. At the end of the day, the City will have a sustainable, vibrant community, citing the St. Thomas as a good example in the multiplier effect. She stated that in addition to non-tangibles, she was personally in favor of the redevelopment. She advised that the people in the Peete are taking advantage of the training and job opportunities. She advised further in response to Mr. Chatelain's concern for jobs in management and purchase of supplies after construction, that the first issue is long-term management which HOPE VI aspires, adding that Gorman and McCormack Barron do a great job and that the McCormack Barron team is take over the management.

Ms. Diane Johnson, Commissioner/HANO, interjected that residents in other areas have taken control the units and the facility with great pride. Ms. Head stated that St. Thomas was the City's first project of a mixed community, that when you take the residents and give good neighbor seminars, the entity has wrap-around services encouraging the tenants to reach goals to live by. There is intensive counseling.

Discussions resumed concerning the percentage of dollars spent in New Orleans on each project. Kevin McCormack of McCormack Barron (the managing partner) and Una Anderson of NONDC then voiced their concerns. Una Anderson's stated her involvement in the project and expressed that she knows Woodward is local and that 25% could be dedicated with the City. She further advised the important of a close by mid-September, reminding everyone that the projects are already behind the time line. Mr. Wilson asked if HANO wanted to escrow 50% of the developer fee to ensure commitments are met. After all discussions, the Board finally recommended that HANO present the Board with a letter of intent that includes a reasonable

percentage of a minimum of 25% of the dollars to be spent in New Orleans (Orleans Parish), jobs, management jobs, benchmarks, the claw backs for enforcing any commitments not met, suggesting that because of the project timeline, the Board would be willing to work out a date to hold a meeting so as to facilitate their having to present to the State Bond Commission and timetable for financing.

Mr. Cornelius then stated that the Board could approve the resolution to increase the bond amount from \$35M to \$45M and give approval for the grant for final approval subject to the condition of a later review of the PILOT proposal. He further stated that money could be set aside and penalty paid if commitments not met and stated further that maybe the process could include the opportunity to argue the case. Mr. Alford added that the burden of proof would be on HANO.

At this point, Mr. Russell Fraise asked to be recognized. He introduced himself as a member of the community and stated that he had three concerns, the first of which is who will own the property when reconstruction is completed. Mr. Fraise was advised by Ms. Judith Moran that the developer will own the property. His second concern dealt with the HUD rules and requirements under Section III stating that it seems under the conditions described by HANO will be circumvented. And, thirdly, the CBDG language is similar to the language in Section III. He suggested the Board take the opportunity to read the language in both. The president advised Mr. Fraise that his remarks are duly noted.

The Board recommended the submittal of one document that expressed a PILOT and claw back entailing benchmarks, not several documents, which will show how HANO will meet the goals.

A motion to increase the bond amount from \$35M to \$45M was offered by Darrel Saizan and seconded by Glenda Jones-Harris. The vote passed unanimously.

A motion was then offered by Susan Good and seconded by Darrel Saizan to grant final approval on the bonds on all HANO projects subject to a later review of the PILOT language which would be reviewed at a later meeting. Upon vote the motion passed unanimously.

ST BERNARD

The board recommended, because of the length of the meeting to defer all other matters pending on the agenda. However, there was a request by the developer to have this matter heard at this meeting so it can be considered for final approval at the next board meeting. The Board acquiesced and heard from members of Columbia Residential including Monika McKay-Project Manager, James Grauley-Principal, and Jakob von Trapp-Project Manager. The Board was given an overview of the St. Bernard's redevelopment with pictorials of design elements showing street grids, intense land and street scaping, and was advised of the pressure for meeting the financing timeline. The Board was informed that local architects are being used on the project. Ms. Jones-Harris asked the developers if it had made contact with local neighborhood councils to which Ms. McKay advised that meetings are held every other Tuesday and one was being held tonight. Mr. Grauley stated that they were interested in getting the language together for the PILOT to submit along with the Peete and Cooper. Mr. Chatelain asked for clarity on

whether Phase I is the only part of the project being considered in the bond issue. Mr. Grauley advised that the bond issue is for all phases of the housing for the St. Bernard, public, tax credit and market and that they anticipate applying to LHFA for Phase II, III and IV. A presentation was made by J. T. Hannan of the Bayou District Foundation emphasizing the impact the development will have on redeveloping City Park, it's a community development effort.

Mr. von Trapp advised that demolition is complete and advised they are ready to come back with McCormack Barron and would send in their PILOT proposal for final approval at the September board meeting.

Mr. McDaniel was then asked to present his review of the CBA and to present his recommendation. He informed the board that he has gone through the financials to evaluate the project including the cash flow to ensure "but for". But for the cross subsidy for non-public housing, this project could not happen, he stated. There is no cash flow available for market rate tax payments. The deals are front loaded with HANO fee and developer fees; however. He further stated that it is important to look at the fee structure. The cost/benefit analysis was prepared by Jack Northrop of Metro Source. Claw backs are important in this project, he suggested, as was for Peete and Cooper – it needs "measurables" for project performances. The CBA assumes 100% project investment; Page 8 identifies what the benefits look like and the total investment should include demolition costs; the project budget is \$10M but there is an additional \$22M which should be subject to the 25% claw back. This could be a successful project for the City. Finally, he stated his recommendation of a 30-year PILOT for public housing and a 15-year PILOT for market rate.

Mr. Koch asked if there were any other projects like the St. Bernard that Columbia already manages. Mr. Grauley advised yes, and that 1/3 is public, 1/3 tax credit and 1/3 market rate. There are some in Atlanta that are 50/50. These projects are benefits to the surrounding tax base and it is believed the project will have a significant impact in the City.

After both presentations (Columbia Residential and Stanley McDaniel), Mr. Wilson encouraged the developers and HANO to submit their PILOT proposal sooner rather than later. Everyone was thanked for their participation in the meeting. All other items on the agenda were deferred to the September board meeting with the exception of the audit which Mrs. Good advised each board member was successfully completed and a copy of which is included in their folders.

A motion to adjourn was offered by Mrs. Good and seconded by Ms. Jones-Harris, and same passed without objection. The meeting concluded at 3:40PM

Susan P. Good, Secretary Treasurer



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

**SEPTEMBER 16, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III	Walter C. Flower, III	Susan P. Good
Glenda Jones-Harris	James Paul Johnson	John Koch
Darrel J. Saizan, Jr.	C. David Thompson	Ernest Legier

Absent:

James Paul Johnson	Farrell J. Chatelain, Jr.	Tyrone A. Wilson
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Also Present:

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

Guests:

Alvin Miester, Sher Garner
Chris Robinson, Poydras Properties Hotel Holdings, LLC
Jake Capraro, Poydras Properties Hotel Holdings, LLC
Kyle France, Poydras Properties Hotel Holdings, LLC
Buck Landry, Morgan Keegan
Steven Hattier, Morgan Keegan
Janet Werkman, Office of the Inspector General, City of New Orleans
David Westerling, Office of the Inspector General, City of New Orleans
Pamela Brigniac, Phelps Dunbar, Baton Rouge
Denis Milliner, Bank of New York Mellon
Byron Poydras, Bank of New York Mellon
Stanley McDaniel, McDaniel Group
Ty Carlos, Bank of New York Mellon
Otto Martinez, Gibbs Construction
Erin Romig, Gibbs Construction
Diane Johnson, HANO
Karen Cato-Turner, HANO
Robert A. Arasoli, Inspector General, City of New Orleans
Judith Moran, HANO
Ronald French
Pam Hammond, Elkins, PLC

Elias Castellanos, HANO
Matt Morrin, Enterprise Housing
Yusef Freeman, MBS
Jonathan Goldstein, McCormack Baron
Eric Granderson, Office of Councilmember Arnie Fielkow
Bradley Latham, Insight Buildings
David Glover, KBK Entnerprise
Una Anderson, NONDC
Stephen Stuart, Bureau of Governmental Research
Kate Moran, Times-Picayune
Don Allison, Advnatous Consulting
Monika McKay, Columbia Residential
Jim Grauley, Columbia Residential
Arnie Fielkow, Vice President, Council at Large
Vaughn Fauria, NewCorp

The meeting was called to order at 12:40 by the Vice President, Walter C. Flower III. Introductions by all in attendance was requested and completed. A motion to approve the minutes of the August meeting was offered by C. David Thompson and seconded by Darrel Saizan. The vote passed without objection.

REPORTS

Mr. Flower reviewed the agenda and considered handling all matters prior to discussion of the HANO issues. He informed the Board that copies of financials, the administrator's and file status reports were included in each member's folder.

APPLICATION MODIFICATION

Mr. Flower informed the board that a request to change the IDB application submittal deadline date was being requested by staff to allow time to review and distribute the application to the board. This change from weeks prior to thirty days prior the board meeting would give staff time to discuss any deficiencies in the application with the developer and provide time to the Board for their review, concerns and questions. After all discussions and explanations were had, the board voted unanimously to allow the change to the application deadline date.

POYDRAS PROPERTIES HOTEL HOLDINGS, LLC

The Board was presented with the developer's request for an increase in its initial bond approval from \$165M to \$225M, a \$60M increase. Mr. Chris Robertson, developer, then took the floor and informed the Board that pricing discussions with the Hyatt Hotel have been completed; that the complex required additional amenities of quality; that there was an increase in mechanicals so as to improve standards that would last for the next 25 years costing some additional \$10M. He further advised the pricing of the project is now complete which also includes \$10M in

zoning upgrade and the additional cost in the rate interest increase, along with a few other contingencies. Mr. Legier asked if a copy of the new budget reflecting these changes and an explanation was available for the Board. Mr. Robertson stated he would submit same to the Board immediately. Ms. Martin is to follow up and ensure said delivery.

After discussions, Mr. Flower requested a motion for the grant of the increase in bonds from \$165M to \$225M. The motion was offered by Mr. John Koch and seconded by Mr. Darrel Saizan. By a unanimous vote, the developer was granted the increase from \$165M to \$225M subject to the submittal of a current budget reflecting the purpose of the increase.

THE SAULET

Mrs. Jade Russell, bond counsel with Adams and Reese, presented a Resolution for the re-issuance of the bonds from the Saulet/CG Multi-Family to AVR/Saulet. Mr. Flower asked for an explanation to which Mrs. Russell informed the board that at the IDB August Board meeting, the Board granted the Saulet the right to re-issue the bonds in to the name of AVR-Saulet, the new owner. She further advised that because the underwriter could not find the initial bond issuance, a request was now being made for permission to cancel the original bond series and re-issuing the bond in the name of AVR-Saulet. She stated that the Board is now being presented with the resolution for execution to get a new bond. She re-emphasized that the replacement of the bond is necessary as the underwriter was unable to locate the existing bond. With the signing of this resolution, a new bond will be issued and the old one cancelled. Once the new bond has been re-issued, she explained, the trustee will authenticate the issuance for the re-issued bond to the new owner. The Board requested a copy of the cancelled bond and a copy of the newly issued bond for its record. The board was advised that their request for these copies would be honored. Upon request for a motion by Mr. Flower, same was offered by Mr. Koch and seconded by Mrs. Susan Good for the cancellation and re-issuance of the bond from the Saulet bond to AVR-Saulet. The vote passed unanimously.

HOUSING AUTHORITY PROJECTS: B. W. Cooper, C. J. Peete and St. Bernard:

B. W. COOPER AND C. J. PEETE

Mr. Wayne Neveu, bond counsel for the HANO projects, took the floor in lead of these matters, advising that every board member should have received a copy of the documents to be discussed at today's meeting. He stated that he had spoken with the President, Mr. Tyrone Wilson, who informed him that the language of the economic impact was satisfactory. He advised that a percentage of the developer fee, as requested by the Board, would be obligated to pay any additional PILOT payments if targets were not met or not achieved. He further stated that HANO would deliver to the Board a quarterly report identifying contractors (city-based) that were used in each project, including items of specific work. If locals could not perform, a detailed explanation would be provided.

Mr. Flower interjected that while the objective is a minimum of 25%, he preferred assurances that every effort would be made to employ and contract all New Orleans or Louisiana residents

and businesses. Mr. Neveu advised the reports to be submitted by HANO will provide data regarding subcontractors and employment at each site (35% C. J. Peete; 37% B. W. Cooper; 38% Lafitte and 55% St. Bernard). He stated that C. J. Peete is a \$100M project with local construction in this matter at \$100M.

Mrs. Glenda Jones Harris stated that her concern was language; there is no summary page and further asked “what is good faith economic local impact contribution?” Mr. Neveu advised that the term was defined on the last page of the Local Impact Contribution, stating that if commitment is not achieved, an additional amount would be paid as a contribution. Mrs. Diane Johnson of HANO advised that their team tried to incorporate all concerns of the Board that were expressed at the July Board meeting.

Mr. Neveu then advised that the sub-sub lease between the IDB and the developer does not divest the land. Claw backs would be a part of the sub-sub lease which would remit 75% of any surplus “cash”, to the extent of any economic impact failure. Also imbedded in the sub-sub lease is the claw back for failure to pay requiring a transfer back of any cash surplus.

At this time, Mr. Flower acknowledged the presence of City Council Vice President at Large, Mr. Arnie Fielkow.

Mrs. Good stated that she would be interested in seeing 1099’s in any reports submitted by HANO. Mr. Neveu stated that GO Zone funding and CDBG funding will mandate tax reporting which is required to obtain tax credits. Audits will also be required showing a certificate of the allocation of costs. Mrs. Good then asked how do you monitor on-going activity and Mr. Koch inquired as to how is enforcement implemented? Mr. Neveu advised that there is default language included in these agreements should HANO or the developer fail to comply. Mr. Ray Cornelius then interjected that these are contractual provisions but that they don’t have the same powers as a sheriff in cases of non-collection; however, an accelerated bond can be requested.

Mr. Koch then asked that with respect to default, how do we avoid getting in a contest, arguing what is or isn’t in default. Mr. Cornelius advised that it is a difficult position but that he spent considerable time with Mr. Wilson on some questions that have not been raised with regard to monitoring compliance and whether or not the IDB can go to arbitration.

Mr. Alford then added that since the last meeting, the general feeling of the Board was city-based requirements; that HANO would build in safety valves just in case it cannot meet obligations or commitments; that if efforts are genuine, the obligation is only to make good faith effort; that with claw backs and reports, there would be no action for the board to take.

Mr. Neveu then re-stated that claw backs are imbedded in the sub-sub lease and are included the PILOT and its respective claw backs. He stated that when you look at a target of 25% and failure to deliver, HANO’s reports will reflect the local economic contribution providing detail and how solicited; he stated that if not achieved, the developer would shoulder the burden of proof. This, he stated, is sufficient in HANO’s view. It was stated that HANO would continue to tinker with the language of these documents for strengthen. Mr. Cornelius then stated that if

at some point the matter does go into default and the Board wants to place the project back on the tax rolls, the sheriff will treat this matter as it does all others. The City has protection.

With regard to the PILOTs and the claw backs, Mr. Neveu advised that in case of a claw back as relates to surplus cash, it will be monitored via an audit. This will be by way of an independent audit requested by the IDB. He stated that the safeguards are imbedded in the sub-sub lease and are standard. Mr. Cornelius then stated that he appreciates the efforts of the Board to negotiate the terms but at the same time, these transactions will continue to be modified until the closing. The terms will be favorable to the Board and suggested that if any Board member had any other thoughts between now and closing he wished to have them so they will be considered in the final document.

Mr. Flower asked if there were any other comments. A request for a motion to grant final approval on C. J. Peete was made. A motion was offered by Mr. Legier and seconded by Ms. Jones Harris but was interrupted by concerns raised by the Board.

Concerns addressed included the private placement of the bonds; the challenges that would arise if tax credit market is gone and lines of credit pulled by Freddie Mac and Fannie Mae and capital market commitments. Mr. Neveu informed the board that the deal will not close without equity in place. Freddie Mac and Fannie Mae will be out of the picture. He stated that tax credits are imperative to move the project forward and that HANO and the developers do have the commitments. He further advised that once the matter was closed, with equity in place, it is just a matter of disbursing with an escrow.

After these discussion and explanations, Mr. Flower asked if there were any issues that could arise with the Cooper or St. Bernard that are different from the Peete. Mr. Cornelius replied, "no", advising that the resolution can be re-done to take up all three developments.

Mr. Legier asked to have his original motion withdrawn and offered a motion to grant final approval on the St. Bernard, C. J. Peete and the B. W. Cooper, all three issues, rather than individually. This motion was seconded by Ms. Jones-Harris. A vote for final approval passed unanimously.

A motion to adjourn was and the meeting concluded at 2:35PM

Susan P. Good, Secretary Treasurer



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

**OCTOBER 21, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III
Susan P. Good
Darrel J. Saizan, Jr.

Farrell J. Chatelain, Jr.
Glenda Jones-Harris

Walter C. Flower, III
John Koch

Absent:

James Paul Johnson
Tyrone A. Wilson

Ernest P. Legier, Jr.

David C. Thompson

Also Present:

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

Guests:

Carliss Knesel, Hancock Bank
Denis Milliner, Bank New York Mellon
Becky Bohrer, The Associated Press
David Westerling, Office of Inspector General
Ronald French
Bill Langkopp, GNO Hotel and Lodging Assn.
Terri Franklin, Regions Bank
Damon Burns, Morgan Keegan
Jim McNamara
Stephen Stuart, Bureau of Governmental Research
Steven Hattier, Morgan Keegan
Ernest Gethers, City of New Orleans
Rhonda Williams, Office of Darren Mire, 1st Dist. Assessors Office
John Stockmeyer, Real Estate Tax Group
Eric Granderson, City of New Orleans
Ted Selojie, GNO Hotel and Lodging Association
Vaughn R. Fauria, NewCorp, BAC
Don Allison, Advantous Consulting

Karl Kehoe, Real Estate Tax Group
Creig Brown, Metro Source

The meeting was called to order at 12:40 by Walter C. Flower, III, the Vice President. A roll call of the board was had and a quorum was present. Mr. Flower opened the floor for introductions of all guests. After introductions, a motion to accept the minutes of the October 21, 2008 board meeting was offered by W. Raley Alford, III and seconded by Darrel J. Saizan, Jr. The vote passed without objection to accept the October minutes.

Baronne Development Partners

The Vice President asked if a representative was present. There was none. The matter was deferred until the next board meeting.

Administrator's Report

Ms. Martin presented the administrator's monthly report to the board.

New Board Appointee

Mr. Flower then introduced to the Board the newest appointee by Council-at-Large President Jackie Clarkson, Dr. Ronald French. Dr. French was sworn in by bond counsel, Jade Russell.

Financials

Mrs. Good presented the August financial statements, advising that the \$112+K from Six Flags for a servitude, was deposited; that the IDB is still within budget. She expressed the need to work on the 2009 budget for the next board meeting. Mr. Flower then interjected that the cost for a monitoring process and its procedures to ensure we go forward as planned and consider generating revenue streams for the cost of the monitoring should also be considered for the next budget. It was expressed that the budget should show an adequate revenue flow to cover all expenses that will need to deal with 2009 expenses. The budget for 2009 should be more realistic, creating fund for monitoring. Mrs. Good also provided an explanation to notes on the statements. One question that arose was, "How do we deal with gaps?" It was also suggested that the

costs for monitoring could be included in fee structure. The Board requested that the accountant, Katherine Smith, come to the next meeting to address board concerns.

The Meeting adjourned at 1:10PM

Susan P. Good, Secretary Treasurer

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

**NOVEMBER 18, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

Farrell J. Chatelain, Jr.	Walter C. Flower, III	Dr. Ronald French
Susan P. Good	Glenda Jones-Harris	Helen LeBourgeois
Ernest P. Legier,	Darrel J. Saizan, Jr.	

Absent:

W. Raley Alford, III	James Paul Johnson	John Koch Jr.
C. David Thompson	Tyrone A. Wilson	

Also Present:

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

Guests:

Aron Weisner, Enterprise Community Investment
Matt Morrin, Enterprise Homes
Jim Kelly, Providence
Telley Madira, Metro Source
Jim McNamara, McNamara Associates
John Stockmeyer, Real Estate Tax Group
Judith Moran, Housing Authority of New Orleans
Ryan Carley, JCH Development
LaSwanda Green, Downtown Development District

Damon Burns, Morgan Keegan
Mark Small, Baronne Partners
Steven Hattier, Morgan Keegan
Stan McDaniel, McDaniel Group

Tom Cronin, Boh Bros.
Christian Chauvin, McGriff, Seibels & Williams
Gilbert Smith, U.S. Raceway Group
Wayne Woods, HANO/LHFA
Trevor Williams, Metro Source
Elias Castellanos
Terri Franklin, Regions Bank
Bill Langkopp, GNO Hotel and Lodging Assn.
Carliss Knesel, Hancock Bank
Jake Capraro, Economic Analysis Consultants
Chris Robertson, Poydras Properties
Bob Swerdling, PJC
Lisa Sexton, PJC
Kyle M. France, Poydras Properties
Michael O. Smith, Hyatt
Karl Kehoe, Real Estate Tax Group
Rhonda Williams, Assessor, First District, (Darren Mire)
Don Allison, Advantous Consulting
Jeff Thomas, Office of Recovery and Development Admin, City

In the interest of time, as the board awaited a quorum, Mr. Walter C. Flower, Vice President, asked for introductions. Introductions by all guests were had.

The meeting was called to order at 12:43 by Walter C. Flower, III, Vice President. A roll call of the board was had and a quorum was confirmed. A motion to accept the minutes of the October 21, 2008 board meeting was offered by Dr. Ronald French and seconded by Helen LeBourgeois. The vote passed without objection to accept the October minutes.

POYDRAS PROPERTIES HOTEL HOLDINGS, LLC

Mr. Cornelius took the floor advising that Piper Jaffray was selected as the underwriter for this project with Morgan Keegan serving as financial advisor. Mr. Cornelius advised that the expiration of the GO Zone bonds is January 23, 2009 and that today's proceedings would be published immediately, starting the 30-day protest period provided by law. The matter should be published within 30 days for challenge by the public. He further advised that a copy of the proposed resolution had been delivered to the IDB and the developer is now before the Board seeking final approval for bond issuance. Mr. Cornelius went on to explain, for the sake of new board members, how the IDB serves as a conduit for the issuance of GO Zone bonds which are designated as such by the State Bond Commission; the developer will pay for the bonds from private sources. If the bonds are not paid, there is no responsibility on the part of the IDB or the City. Mr. Cornelius further stated that bond counsel ensures the IDB is held harmless. Mr. Cornelius reminded the board there is no PILOT involved in this transaction – only bond issuance.

Mr. Flower asked, for purpose of clarity, if the State must approve the issuance and the IDB serves as a part of that process, with the State giving final approval and distribution. Mr. Cornelius advised yes.

After discussion and questions by the board, Mr. Flower requested a motion to grant final approval for the issuance of bonds on the Poydras Properties Hotel Holdings, LLC matter. A motion was offered by Dr. Ronald French and seconded by Ms. Glenda Jones-Harris. The vote carried with 5 Yeas, 1 Nay and 1 Abstention.

ASSIGNMENT OF CONSTRUCTION LOAN IN RE LGD RENTAL

Mrs. Jade Russell, bond counsel took the floor and explained to the Board that in 2007 there were two (2) issuances, namely, Nine27 and LGD Rental II. In both cases, the lender is now coming before the Board seeking approval to assign from MMA the construction loan to Capital One National Association as the construction loan lender. She informed the board that MMA must receive approval from the IDB to assign the loan. Adams and Reese reviewed the documents and they are found to be in order. Mrs. Russell advised that the assignment from MMA to Capital One National Association does not expose the IDB to any liability. The bond proceeds have already been received and are being expended in accordance with the original bond documents..

At this time, Mr. Wayne Woods asked to be recognized. He took the floor advising that he serves as general counsel to HANO; that the matter now involves a new construction lender; all terms remain the same; nothing has changed. The request is to have the construction loan assigned from one entity to another. If not allowed the project could be placed in jeopardy. He advised that all partners are in agreement to the assignment and that there are no additional monetary consequences or alterations to the deal.

In answer to a question raised by Dr. French, Mr. Woods assured the Board that there was no financial difficulty nor was the project in jeopardy. Mr. Woods advised that the only entity affected is the original construction lender. Mr. Cornelius reiterated Dr. French's concern that no additional funding was being required.

By motion of Mr. Ernest Legier, and seconded by Dr. French, the Board voted to grant approval, unanimously, for the assignment of the construction loan in this matter from MMA to Capital One National Association.

FISCHER

At this time, Vice President Flower asked if Mr. McDaniel was ready to present his review of the cost/benefit analysis in this matter. Mr. McDaniel advised that he was but suggested rather that HANO be allowed to present its position first.

Mr. Elias Castellanos provided the overview of the Fischer development, advising that the development is up and running at this time. He stated the developer comes now before the board seeking approval of a bond issue and the PILOT for 20 units (12 affordable, 8 low-income). He added the development is being managed by Latter & Blum which has hired 5 locals on-site. Ms. Jones-Harris then interjected that she realizes the PILOT grants some relief but she is most concerned about the safety and the management of the site. If the PILOT is approved, the developer must realize that it costs the city and its citizens, as tax payers, for services that are provided in that area; and speaking as a taxpayer, she is concerned whether the development has creditable management and safety and security measures in place. She has visited the site and has seen great need for security and management, having witnessed acts of truancy, loitering, etc. Mr. Castellanos advised that the site does have a budget for security. Mr. Woods then interposed that he understands Ms. Jones-Harris' concerns, stating further that those issues can't be overlooked but they have tried to put in place things that will make it better and there is private security surveillance on site. He assured her that her issues and concerns will be further addressed. Mrs. Judith Moran of HANO interjected that now that the development is under private management, rules and regulations have been tightened governing the site.

After additional concerns by Mr. Farrell Chatelain regarding HANO reports and the cause or need for NOPD surveillance, Ms. Jones-Harris stated that she is willing to accept and trust the answers provided by HANO management. She stated the Board will ask them to come back to provide an update. Mr. Castellanos advised the project is now in transition and has been in place for two (2) months. Mr. Woods informed the board that there is a "one strike" eviction provision; that is, if there is any criminal activity, HANO has the authority to evict to ensure the safety of the residents. Mr. Chatelain asked how many evictions have taken place to which Mr. Woods responded 7 – 8 but he couldn't be project specific. If evicted, the tenant is not allowed to enter any other housing development. Mrs. Good then commented on the \$12K budget for security. Mr. Castellanos advised the \$12K was for one site – there are Fischer I, II and III and each budget for security is separate. He stated that HANO's police force is a backup on each development in addition to the contract it has with NOPD.

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Mrs. Good reminded the developers and its representatives that the project will be monitored; and asked that if within 15 years more units bring in more market rate would the project stay the same? Mr. Castellanos stated that ACC units are under contract with HANO and that affordable housing could go into a higher range but there are only 12 units in Phase I; however, as in the past, claw backs will be taken into consideration. In answer to a question by Mr. Chatelain concerning how the management issue was address in the original PILOT, Mr. Neveu stated that at the last meeting of the board, discussions of compliance were addressed and the board was

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LAFITTE

Mr. Wayne Woods spoke and advised that he now comes as chair of the Louisiana Housing Finance Authority. He provided information on what is being done at the State level to bring affordable housing back through GO Zone bonds based on a formula placed into effect for areas most impacted. It was recognized, he stated, that rebuilding could not be in the same manner, therefore, only qualified programs can be issued tax credits. He stated the IDB has already approved three of HANO's Big Four projects (St. Bernard, B. W. Cooper and C. J. Peete). Time is of the essence in these matters as closing must be brought to an end by December, otherwise project allocations could be returned to the federal government. From the state's standpoint, these are worthwhile projects and the LHFA is willing to put the dollars behind the program if a PILOT is approved. There will be no loss to the City or the IDB – no negative impact. He asked on behalf of the developers for final approval of the Lafitte with the proposed PILOT.

Mr. Castellanos interjected that HANO and HUD are dedicated to seeing the project approved. Further, he stated that the Lafitte has no market rate components but does have home ownership, similar to affordable housing but with taxes being paid to the City through homeownership. This project consists of 340 units contained in 240 multifamily rental apartments (On-Site 1 and 2) and 100 units of senior housing.

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Mr. Morrin of Enterprise Homes took the floor stating over \$3M has been spent with businesses. One hundred per cent of the general contract team is from Orleans Parish. Mr. Jim McNamara stated that some 12,000 jobs are to be created and housing is needed in the immediate area for those jobs that will be created when the medical facilities are completed. He also stated that he strongly supports the project.

Mr. Flower acknowledged the support of those speaking and wished a successful project. He then turned the matter over to Mr. McDaniel.

Mr. McDaniel began by advising the board that he established a "but for" along with a review and analysis of costs and benefits. He advised that the Lafitte development is part of the HANO/HUD Big 4, and, unlike the other projects, however, the structure is different. The other projects have work force and tax credits and market rate housing. This project has work force, tax credits and senior housing. Also, unlike the previous three, operating expense reserves are front loaded to cover unanticipated operating expense shortfalls. This project projected operating expense shortfalls without providing adequate details on how these shortfalls would be funded. This was not transparent on two (2) components. He stated that he recognized the "social" return on the transaction and said so in the report under the heading "Strengths and Weaknesses" of the project. The origin of the equity for the three components of the project was unclear. This is why the question was raised in the original McDaniel Report. There is a \$9M investment by the City over a 15-year PILOT period in this matter. Mr. Aron Weisner interjected that Enterprise is third in the nation as a syndicator and 80% of its business is with non-profit syndicators, having managed the largest Hope VI project in the nation which mimics the Lafitte in structure. There is over \$100M in total equity in the project. Enterprise wants to be as transparent as possible in light of the current market. Enterprise operates various equity

funds and is also involved in single investor funds. In 2008, he advised, Enterprise has seen some \$600M in closings around the country, having closed some \$70M in Orleans Parish alone. He stated that he is confident they will get all equity and debt sources in place timely. Mr. Flower asked, "What is the scenario if all is not ready?" The response from the developers was optimistic that they could close financial and construction within the timeframe for one of the components. For the other two components, the developer was seeking legislative relief that would extend the deadline for completion of the other two components until 2012. Mr. Flower then asked if there will be a sequence of closings. The response was yes. Ms. Jones-Harris asked for clarity concerning the off sites. These are not subject to the PILOT, some 192 units in various areas, some rehab some new construction. By late December and January, it is planned that 135 units will be ready. Shortly thereafter, some additional 100 units for senior housing will be constructed. Ms. Jones-Harris then inquired as to the commitments to the locals. Mr. Castellanos advised that the developers have procurement guidelines, stating that although the contractor is not local, they are being asked to hire locals for labor.

After all discussion, the Vice President asked for motion to grant final approval on the bond issue and PILOT proposal on applicable units. By motion of Mr. Saizan, seconded by Mr. Chatelain, a vote passed unanimously for grant of final approval on the Lafitte development.

2009 BUDGET

Mrs. Good presented the proposed 2009 budget to the Board for review. She requested that any questions be directed to her. She requested the members look over the budget which includes employee and payroll expenses. She asked that each member devote time to review the proposed budget for discussion at the next board meeting. Issues not yet addressed in the proposed budget are: costs for monitoring closed projects which have PILOTS, insurance for the IDB and monies for board development.

BARONNE DEVELOPMENT PARTNERS

Mr. Mark Small was introduced to the board as the representative for Baronne Development Partners. Mr. Small advised that he was with MJS Realty and has been working on the redevelopment of this building and is now coming before the board for GO Zone bonds for 225 Baronne, 305 Baronne and Clark Garage. He imparted the importance of the project, stating the developers were a major land owner in New Orleans, wanting to put these two properties which are currently empty back to commerce. They are proposing retail, housing (extended stay) and parking for the location. Mr. Karl Kehoe of the Real Estate Tax Group was recognized. Mr. Kehoe advised that the documentation sent in response to the Board's concern may not be as clean as desired but is due to erroneous typing on the part of the state although the information relates directly to 225 and 305 Baronne Street.

Mr. Cornelius then explained the tax consideration before the Board, advising further that the developer could be looking at 2009 tax amounts. The Board will take a look at the documents and the PILOT proposal for later discussion.

FEE POLICY

Mr. Cornelius requested that the board vote on confirming the fee structure as it currently stands. He provided the following as the current fee structure and same was confirmed by the Board. Application fee without a PILOT request - \$500; Application fee with a PILOT request - \$3,000; Closing fees which is currently set at \$1100 has been changed to reflect the following: Applications with no PILOT will be based on 1/20 of 1% of the bond amount or \$1100 whichever is greater; Closing fee for applications with a PILOT is expected to be adjusted to reflect 1/10th of 1% of the value if less than the full value of the project taken off the tax rolls is funded.

A motion by Mr. Saizan and seconded by Ms. Jones-Harris was offered to confirm the IDB's fee structure policy. The vote passed without objection.

ADMINISTRATOR'S REPORT

In consideration of time, Ms. Martin advised that a copy of the Administrator's Report and all attachments were included in the Board packet. She did, however, provide a brief overview on the Tier 2 level of requirements by the State Ethics Board. If there were any questions or concerns, she asked to be called directly.

FINANCIALS

Financials were tabled until next month's meeting.

The meeting adjourned at 3:00 PM.

Susan P. Good, Secretary Treasurer

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

**OCTOBER 21, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III	Farrell J. Chatelain, Jr.	Walter C. Flower, III
Susan P. Good	Glenda Jones-Harris	John Koch
Darrel J. Saizan, Jr.		

Absent:

James Paul Johnson	Ernest P. Legier, Jr.	David C. Thompson
Tyrone A. Wilson		

Also Present:

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

Guests:

Carliss Knesel, Hancock Bank
Denis Milliner, Bank New York Mellon
Becky Bohrer, The Associated Press
David Westerling, Office of Inspector General
Ronald French
Bill Langkopp, GNO Hotel and Lodging Assn.
Terri Franklin, Regions Bank
Damon Burns, Morgan Keegan
Jim McNamara
Stephen Stuart, Bureau of Governmental Research
Steven Hattier, Morgan Keegan
Ernest Gethers, City of New Orleans
Rhonda Williams, Office of Darren Mire, 1st Dist. Assessors Office
John Stockmeyer, Real Estate Tax Group
Eric Granderson, City of New Orleans
Ted Selojie, GNO Hotel and Lodging Association
Vaughn r. Fauria, NewCorp, BAC
Don Allison, Advantous Consulting

Karl Kehoe, Real Estate Tax Group
Creig Brown, Metro Source

The meeting was called to order at 12:40 by Walter C. Flower, III, the Vice President. A roll call of the board was had and a quorum was present. Mr. Flower opened the floor for introductions of all guests. After introductions, a motion to accept the minutes of the October 21, 2008 board meeting was offered by W. Raley Alford, III and seconded by Darrel J. Saizan, Jr. The vote passed without objection to accept the October minutes.

Baronne Development Partners

The Vice President asked if a representative was present. There was none. The matter was deferred until the next board meeting.

Administrator's Report

Ms. Martin presented the administrator's monthly report to the board.

New Board Appointee

Mr. Flower then introduced to the Board the newest appointee by Council-at-Large President Jackie Clarkson, Dr. Ronald French. Dr. French was sworn in by bond counsel, Jade Russell.

Financials

Mrs. Good presented the August financial statements, advising that the \$112+K from Six Flags for a servitude, was deposited; that the IDB is still within budget. She expressed the need to work on the 2009 budget for the next board meeting. Mr. Flower then interjected that the cost for a monitoring process and its procedures to ensure we go forward as planned and consider generating revenue streams for the cost of the monitoring should also be considered for the next budget. It was expressed that the budget should show an adequate revenue flow to cover all expenses that will need to deal with 2009 expenses. The budget for 2009 should be more realistic, creating fund for monitoring. Mrs. Good also provided an explanation to notes on the statements. One question that arose was, "How do we deal with gaps?" It was also suggested that the

costs for monitoring could be included in fee structure. The Board requested that the accountant, Katherine Smith, come to the next meeting to address board concerns.

The Meeting adjourned at 1:10PM

Susan P. Good, Secretary Treasurer

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

**NOVEMBER 18, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

Farrell J. Chatelain, Jr.	Walter C. Flower, III	Dr. Ronald French
Susan P. Good	Glenda Jones-Harris	Helen LeBourgeois
Ernest P. Legier,	Darrel J. Saizan, Jr.	

Absent:

W. Raley Alford, III	James Paul Johnson	John Koch Jr.
C. David Thompson	Tyrone A. Wilson	

Also Present:

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

Guests:

Aron Weisner, Enterprise Community Investment
Matt Morrin, Enterprise Homes
Jim Kelly, Providence
Talley Madira, Metro Source
Jim McNamara, McNamara Associates
John Stockmeyer, Real Estate Tax Group
Judith Moran, Housing Authority of New Orleans
Ryan Carley, JCH Development
LaSwanda Green, Downtown Development District

Damon Burns, Morgan Keegan
Mark Small, Baronne Partners
Steven Hattier, Morgan Keegan
Stan McDaniel, McDaniel Group

Tom Cronin, Boh Bros.
Christian Chauvin, McGriff, Seibels & Williams
Gilbert Smith, U.S. Raceway Group
Wayne Woods, HANO/LHFA
Trevor Williams, Metro Source
Elias Castellanos
Terri Franklin, Regions Bank
Bill Langkopp, GNO Hotel and Lodging Assn.
Carliss Knesel, Hancock Bank
Jake Capraro, Economic Analysis Consultants
Chris Robertson, Poydras Properties
Bob Swerdling, PJC
Lisa Sexton, PJC
Kyle M. France, Poydras Properties
Michael O. Smith, Hyatt
Karl Kehoe, Real Estate Tax Group
Rhonda Williams, Assessor, First District, (Darren Mire)
Don Allison, Advantous Consulting
Jeff Thomas, Office of Recovery and Development Admin, City

In the interest of time, as the board awaited a quorum, Mr. Walter C. Flower, Vice President, asked for introductions. Introductions by all guests were had.

The meeting was called to order at 12:43 by Walter C. Flower, III, Vice President. A roll call of the board was had and a quorum was confirmed. A motion to accept the minutes of the October 21, 2008 board meeting was offered by Dr. Ronald French and seconded by Helen LeBourgeois. The vote passed without objection to accept the October minutes.

POYDRAS PROPERTIES HOTEL HOLDINGS, LLC

Mr. Cornelius took the floor advising that Piper Jaffray was selected as the underwriter for this project with Morgan Keegan serving as financial advisor. Mr. Cornelius advised that the expiration of the GO Zone bonds is January 23, 2009 and that today's proceedings would be published immediately, starting the 30-day protest period provided by law. The matter should be published within 30 days for challenge by the public. He further advised that a copy of the proposed resolution had been delivered to the IDB and the developer is now before the Board seeking final approval for bond issuance. Mr. Cornelius went on to explain, for the sake of new board members, how the IDB serves as a conduit for the issuance of GO Zone bonds which are designated as such by the State Bond Commission; the developer will pay for the bonds from private sources. If the

bonds are not paid, there is no responsibility on the part of the IDB or the City. Mr. Cornelius further stated that bond counsel ensures the IDB is held harmless. Mr. Cornelius reminded the board there is no PILOT involved in this transaction – only bond issuance.

Mr. Flower asked, for purpose of clarity, if the State must approve the issuance and the IDB serves as a part of that process, with the State giving final approval and distribution. Mr. Cornelius advised yes.

After discussion and questions by the board, Mr. Flower requested a motion to grant final approval for the issuance of bonds on the Poydras Properties Hotel Holdings, LLC matter. A motion was offered by Dr. Ronald French and seconded by Ms. Glenda Jones-Harris. The vote carried with 5 Yeas, 1 Nay and 1 Abstention.

ASSIGNMENT OF CONSTRUCTION LOAN IN RE LGD RENTAL

Mrs. Jade Russell, bond counsel took the floor and explained to the Board that in 2007 there were two (2) issuances, namely, Nine27 and LGD Rental II. In both cases, the lender is now coming before the Board seeking approval to assign from MMA the construction loan to Capital One National Association as the construction loan lender. She informed the board that MMA must receive approval from the IDB to assign the loan. Adams and Reese reviewed the documents and they are found to be in order. Mrs. Russell advised that the assignment from MMA to Capital One National Association does not expose the IDB to any liability. The bond proceeds have already been received and are being expended in accordance with the original bond documents..

At this time, Mr. Wayne Woods asked to be recognized. He took the floor advising that he serves as general counsel to HANO; that the matter now involves a new construction lender; all terms remain the same; nothing has changed. The request is to have the construction loan assigned from one entity to another. If not allowed the project could be placed in jeopardy. He advised that all partners are in agreement to the assignment and that there are no additional monetary consequences or alterations to the deal.

In answer to a question raised by Dr. French, Mr. Woods assured the Board that there was no financial difficulty nor was the project in jeopardy. Mr. Woods advised that the only entity affected is the original construction lender. Mr. Cornelius reiterated Dr. French's concern that no additional funding was being required.

By motion of Mr. Ernest Legier, and seconded by Dr. French, the Board voted to grant approval, unanimously, for the assignment of the construction loan in this matter from MMA to Capital One National Association.

FISCHER

At this time, Vice President Flower asked if Mr. McDaniel was ready to present his review of the cost/benefit analysis in this matter. Mr. McDaniel advised that he was but suggested rather that HANO be allowed to present its position first.

Mr. Elias Castellanos provided the overview of the Fischer development, advising that the development is up and running at this time. He stated the developer comes now before the board seeking approval of a bond issue and the PILOT for 20 units (12 affordable, 8 low-income). He added the development is being managed by Latter & Blum which has hired 5 locals on-site. Ms. Jones-Harris then interjected that she realizes the PILOT grants some relief but she is most concerned about the safety and the management of the site. If the PILOT is approved, the developer must realize that it costs the city and its citizens, as tax payers, for services that are provided in that area; and speaking as a taxpayer, she is concerned whether the development has creditable management and safety and security measures in place. She has visited the site and has seen great need for security and management, having witnessed acts of truancy, loitering, etc. Mr. Castellanos advised that the site does have a budget for security. Mr. Woods then interposed that he understands Ms. Jones-Harris' concerns, stating further that those issues can't be overlooked but they have tried to put in place things that will make it better and there is private security surveillance on site. He assured her that her issues and concerns will be further addressed. Mrs. Judith Moran of HANO interjected that now that the development is under private management, rules and regulations have been tightened governing the site.

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Mr. McDaniel began by advising the board that he established a "but for" along with a review and analysis of costs and benefits. He advised that the Lafitte development is part of the HANO/HUD Big 4, and, unlike the other projects, however, the structure is different. The other projects have work force and tax credits and market rate housing. This project has work force, tax credits and senior housing. Also, unlike the previous three, operating expense reserves are front loaded to cover unanticipated operating expense shortfalls. This project projected operating expense shortfalls without proving adequate details on how these shortfalls would be

funded. This was not transparent on two (2) components. He stated that he recognized the “social” return on the transaction and said so in the report under the heading “Strengths and Weaknesses” of the project. The origin of the equity for the three components of the project was unclear. This is why the question was raised in the original McDaniel Report. There is a \$9M investment by the City over a 15-year PILOT period in this matter.

Mr. Aron Weisner interjected that Enterprise is third in the nation as a syndicator and 80% of its business is with non-profit syndicators, having managed the largest Hope VI project in the nation which mimics the Lafitte in structure. There is over \$100M in total equity in the project. Enterprise wants to be as transparent as possible in light of the current market. Enterprise operates various equity funds and is also involved in single investor funds. In 2008, he advised, Enterprise has seen some \$600M in closings around the country, having closed some \$70M in Orleans Parish alone. He stated that he is confident they will get all equity and debt sources in place timely. Mr. Flower asked, “What is the scenario if all is not ready?” The response from the developers was optimistic that they could close financial and construction within the timeframe for one of the components. For the other two components, the developer was seeking legislative relief that would extend the deadline for completion of the other two components until 2012. Mr. Flower then asked if there will be a sequence of closings. The response was yes. Ms. Jones-Harris asked for clarity concerning the off sites. These are not subject to the PILOT, some 192 units in various areas, some rehab some new construction. By late December and January, it is planned that 135 units will be ready. Shortly thereafter, some additional 100 units for senior housing will be constructed. Ms. Jones-Harris then inquired as to the commitments to the locals. Mr. Castellanos advised that the developers have procurement guidelines, stating that although the contractor is not local, they are being asked to hire locals for labor. After all discussion, the Vice President asked for motion to grant final approval on the bond issue and PILOT proposal on applicable units. By motion of Mr. Saizan, seconded by Mr. Chatelain, a vote passed unanimously for grant of final approval on the Lafitte development.

2009 BUDGET

Mrs. Good presented the proposed 2009 budget to the Board for review. She requested that any questions be directed to her. She requested the members look over the budget which includes employee and payroll expenses. She asked that each member devote time to review the proposed budget for discussion at the next board meeting. Issues not yet addressed in the proposed budget are: costs for monitoring closed projects which have PILOTS, insurance for the IDB and monies for board development.

BARONNE DEVELOPMENT PARTNERS

Mr. Mark Small was introduced to the board as the representative for Baronne Development Partners. Mr. Small advised that he was with MJS Realty and has been working on the redevelopment of this building and is now coming before the board for GO Zone bonds for 225 Baronne, 305 Baronne and Clark Garage. He imparted the importance of the project, stating the

developers were a major land owner in New Orleans, wanting to put these two properties which are currently empty back to commerce. They are proposing retail, housing (extended stay) and parking for the location. Mr. Karl Kehoe of the Real Estate Tax Group was recognized. Mr. Kehoe advised that the documentation sent in response to the Board's concern may not be as clean as desired but is due to erroneous typing on the part of the state although the information relates directly to 225 and 305 Baronne Street.

Mr. Cornelius then explained the tax consideration before the Board, advising further that the developer could be looking at 2009 tax amounts. The Board will take a look at the documents and the PILOT proposal for later discussion.

FEE POLICY

Mr. Cornelius requested that the board vote on confirming the fee structure as it currently stands. He provided the following as the current fee structure and same was confirmed by the Board. Application fee without a PILOT request - \$500; Application fee with a PILOT request - \$3,000; Closing fees which is currently set at \$1100 has been changed to reflect the following: Applications with no PILOT will be based on 1/20 of 1% of the bond amount or \$1100 whichever is greater; Closing fee for applications with a PILOT is expected to be adjusted to reflect 1/10th of 1% of the value if less than the full value of the project taken off the tax rolls is funded.

A motion by Mr. Saizan and seconded by Ms. Jones-Harris was offered to confirm the IDB's fee structure policy. The vote passed without objection.

ADMINISTRATOR'S REPORT

In consideration of time, Ms. Martin advised that a copy of the Administrator's Report and all attachments were included in the Board packet. She did, however, provide a brief overview on the Tier 2 level of requirements by the State Ethics Board. If there were any questions or concerns, she asked to be called directly.

FINANCIALS

Financials were tabled until next month's meeting.

The meeting adjourned at 3:00 PM.

Susan P. Good, Secretary Treasurer

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

**DECEMBER 16, 2008
12:30 P.M.
21st FLOOR – AMOCO BUILDING
1340 POYDRAS STREET, NEW ORLEANS, LA**

Present:

W. Raley Alford, III
Susan P. Good
Helen LeBourgeois

Walter C. Flower III
Glenda Jones Harris
Darrel J. Saizan, Jr.

Dr. Ronald J. French
John Koch

Absent:

Farrell J. Chatelain, Jr.
C. David Thompson

James Paul Johnson
Tyrone Wilson

Ernest P. Legier, Jr.

Also Present:

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

Guests:

David J. Bjoue, Davison
Carliss Knesel, Hancock Bank
Dan Baker, Thor construction
Christian Jensen, TCI
Jack Jensen, TCI/Edwards Avenue Partnership
Margaret Fiaz-Fugetta, TCI/Edward Avenue Partnership
Wayne E. Woods, HANO, Gen. Counsel
Lee Reid, Adams and Reese
Karl Kehoe, Real Estate Tax Group
Elias Castellanos, HANO
Wayne Neveu, Foley & Judell
Stephen Stuart, Bureau of Governmental Research
Michael Noah, National Association of Minority Contractors

Rebecca, Interested Citizen
Damon Burns, Morgan Keegan
Katherine Smith, KS Consulting (IDB Accountant)
Allison B. Randolph, ABR III & Associates

The meeting was called to order at 12:37 by Walter C. Flower, III, Vice President. A roll call of the board was had and a quorum was confirmed. A motion to accept the November minutes was made by W. Raley Alford, III and seconded by Glenda Jones-Harris. The vote passed without objection.

The order of business:

IDB FEE STRUCTURE

The Vice President asked the Board to be sure to consider the expense for monitoring of projects in the budget, but not to create an over-onerous budget. The floor was opened for discussion.

David Wolf, bond counsel, proceeded to explain the draft of the new “fee structure” for the IDB, advising that board concerns to-date were taken into consideration in the preparation of the draft. (copy of final document attached).

Mrs. Good asked about the current status of the GO Zone bond pool. Mr. Wolf advised before the Hyatt got their allocation there was approximately \$900M in the pool.

As historical background, Mr. Wolf explained that going back to the early 1980s, when the IDB issued tax exempt bonds, there was generally no property tax abatement offered in conjunction with IDBs bond issues. In 1986, however, Congress eliminated most of the purposes for which tax-exempt bonds could be issued, and in order to stay active, the IDB began issuing taxable bonds and using property tax abatements, by way of PILOTs, as an alternative incentive, to replace the incentive previously afforded by tax exempt bonds. Since Hurricane Katrina, the IDB has occasionally considered an incentive package including both tax-exempt bonds as well as a PILOT on certain projects. Since formulas used to calculate PILOT payments generally have included claw back provisions tied to job creation or other measurable benefits, the PILOTs of recent years do require annual monitoring by the IDB.

Mrs. LeBourgeois, asked what would be the cost of monitoring. Mr. Flower interjected that monitoring service would be provided by a consultant and that consultant should have some accounting knowledge and some understanding of the construction industry. The Board was not certain of the actual cost.

Discussion then ensued as to the Board's part in ensuring projects were credit worthy. Mr. Cornelius advised that the underwriter ensures the credit worthiness of projects and the Board need not get involved with this aspect of the project. Projects that are not creditworthy will not be able to secure commitments from lenders, and since there is no financial liability on the part of the IDB on these projects; the fact that the IDB is issuing bonds for a particular company does not in and of itself enhance the creditworthiness or financial feasibility of any project; on the contrary, each project comes before the Board with a letter of credit or collateral that is sufficient to market the bonds to banks, underwriters and other lenders. Most bonds are sold to a single or very small number of institutional investors, who furnish the IDB with investment letters acknowledging that they are qualified to make decisions about investing in that type of bond. Dr. French added that as a concern, if the Board grants final issuance on a project there should be a benefit to the City; the community should benefit and the IDB should ensure, as well, the transparency of the project. Is this construed as creditworthiness? Could the IDB hire someone to evaluate each application at the front end, and have the responsibility of providing an annual report at year end? Mr. Cornelius responded, yes, stating the board could hire someone to review this information.

Mrs. Good stated that this is an issue she has been advocating; that the Board needed an executive director, an MBA graduate who would also have some real estate background who would look at the IDB projects and maintain records of their progress.

Mr. Neveu, representing counsel in the HANO projects, then stated that the IDB should have some standard policy that would support a steady stream to cover administrative costs; this should be a minimum fee whether the project has a PILOT or not. In terms of monitoring, he stated, the conditions should be covered in the IDB fee structure and in the claw backs, suggesting the Board keep in mind that PILOTs are an incentive to the developer. Any fee should be reasonable.

Mr. Koch asked if any of these fees could be retroactive. Mr. Wolf advised that the IDB could go back to see if the formula agrees and could look at uniformity. Mr. Koch then asked what are other IDBs doing, i.e., St. Bernard, Jefferson, etc. Mr. Wolf advised that St. Tammany has an annual fee of 1/10 of 1% of the bond amount with a \$25,000 cap on projects with PILOTs; and 1/20 of 1% of the bond amount for those projects without PILOTs; the LPFA has a similar annual fee, but reserves the right to collect it from year to year (although it has never done so, except in the case of multi-family housing projects).

Mr. Flower then asked what would be the cost to hire someone full-time or part-time and whether a formula could be applied to projects submitted in 2008. Mr. Cornelius stated that he understood the Board's interest as an economic development entity and advised that if the IDB was able to raise a significant amount of funds through its fees or otherwise, legislation could be enacted, for example, that would allow the IDB to use its

resources to guarantee small business loan, or in some other fashion that could be an incentive to small business other than traditional IDB bonds.

He provided the following scenario: A \$10M issue on a commercial project would be assessed at 10% of fair market value or \$1M; at the current millage rate of about 143 mills, this would ordinarily generate taxes of \$143K per year, thus the developer could save as much as \$143,000/year if a full tax abatement were offered through a PILOT. If you charge 1/10 of 1% of the bond amount, it would generate about \$10,000/year in fees, assuming that \$10M of bonds were issued. If the borrower only used IDB bonds for a fraction of the financing, they could receive the same benefit of \$143,000/year in the form of a tax abatement, yet if the fee were based on the actual amount of bonds, the IDB fee might be far less than \$10,000/year. To make the two scenarios approximately equal, you would need to base the annual fee on a pro forma (as built) appraisal/value rather than the size of the bond issue, and apply the 1/10 of 1% of that amount. He stated he did not see a need for a cap because the relative value is there, i.e., the tax savings on bigger projects is also considerably larger than on smaller ones. The cap, however, would reduce the ability to generate income.

Mr. Neveu then stated that 1/10 of 1% of the bonds could be an embedded fee until the PILOT expires but the Board should keep in mind that PILOTs are solicited because the project needs the incentive to move forward. The Board should consider if the approach is fair. Mr. Cornelius then asked Mr. Neveu if he was saying that 1/10 of 1% of the full value or 10% is too high, which could then be applied across the board, stating further the formula would allow the Board to leverage loan guarantees or provide other incentives to small businesses.

Mr. Koch stated that the IDB needs some strategic planning so that whatever we are doing today will cover expenses and provide a cushion in the future. Mrs. Jones Harris stated that the confusion needs to be taken out of the process. The Board, she emphasized, needed to make a decision on the process today. Mrs. LeBourgeois asked if it was incumbent upon the Board to put the monitoring process expense and the cushion in the budget. Mr. Flower interposed that the number one step is to cover IDB expenses and that perhaps the IDB could use some part of its reserves for specific stimulus projects to which Mr. Cornelius added that this could be done or the Board could agree on some formula, or it could bill the developer if there is a concern. Mr. Flower stated that IDB funds are to be used for economic development and that the Board needed to be prudent and make sure it does what needs to be done. Mr. Wolf stated that if there was any excess at the end of each year, if collected from the developer up front, it could be reduced across the board and applied uniformly and returned to the developers who paid fees that year.

Mr. Koch asked if the appraisal value would be determined at the time of closing. The board was advised that taxes could be based on pro forma appraisal as long as the

appraisal was satisfactory to the Board but if the project was based on the value of the bonds, it should keep in mind that amounts of bonds issued by the IDB for a particular project could differ in amount from project to project. Mr. Castellanos interjected that in the case of the upcoming CJ Peete issue, if IDB costs were built into the pro forma it would mean the developer might have to re-run the numbers because the additional annual expenses could affect the levels of funding commitment of various lenders.

Mr. Neveu stated that he had concerns with a pro forma appraisal. Mr. Flower stated the Board would discuss this issue. Mrs. Jones-Harris insisted that a formula be agreed upon today and the Board should address the issue of additional costs on projects for monitoring for public trust considering that the City is in post disaster recovery. She noted that as time goes on, the IDB will have fewer and fewer projects and asked how the IDB could adjust to pay for such things as audits or an additional staff member. Other board members agreed. Dr. French asked if the Board could charge an administrative fee to projects with no PILOT. Mr. Cornelius advised that when an IDB takes ownership, it can charge a fee on what taxes may amount to. The terms of fees could be negotiated. There is no inherent restriction on levying the fee just on projects with PILOTs or also levying it on projects without PILOTs although Mr. Cornelius reminded the board that other issuers generally do not collect annual fees when there is no PILOT involved. The statute addresses ad valorem relief. Mr. Wolf then stated that not all projects are exempt from taxes but that each PILOT project is structured so the Board can take ownership of the project and then collect a payment in lieu of taxes from \$0 up to the full amount of taxes.

Mr. Saizan stated that a fresh face with an MBA would be a “welcome”; that whoever it is, whether an individual or a group, that person would have to understand if a project is going to be a good one or not; the Board needs to have confidence with what it is paying for and that person should provide an upfront analysis bearing in mind the IDB’s community commitment. The IDB must also keep in mind that there is a recovery going on and that Districts D & E would like to see more economic development taking place in those areas.

Mr. Koch asked if the fee for monitoring could be passed on to the developer at the low end in order for the IDB to meet its needs. The problem, stated Mr. Cornelius, is that the Board has no idea which project will close.

After all discussions had, Mr. Flower requested a motion on the fee structure as finally proposed. By motion of Mr. Alford, seconded by Mrs. Jones-Harris, the board voted unanimously to accept the below fee structure:

1. Application Fee.

All applicants must submit a non-refundable \$500 application fee to the IDB along with their written application. If a reduced payment-in-lieu-of taxes (PILOT*) is requested, the application fee is increased from \$500 to \$3,000.

2. Cost/Benefit Analysis.

For projects requesting a reduced-payment PILOT, the applicant must additionally pay for the Cost/Benefit Analysis ("CBA"), negotiated for each deal, but generally in the range of \$12,000 - \$15,000. Projects that are not requesting a PILOT do not require the CBA. The negotiated cost of the CBA must be paid by the applicant to the IDB prior to the commencement of the CBA. The IDB will engage a firm to perform the CBA and will pay for same. The applicant will be responsible for additional CBA costs, if any, in excess of the original estimate. The reduced PILOT proposal and CBA must be submitted to the IDB prior to final approval of the bonds.

3. Closing Fee.

At the bond delivery, all applicants pay a Closing Fee equal to the greater of \$1,100 or:

- (a) For issues with no reduced PILOT payment, 1/20 of 1% of the stated principal amount of the Bonds (with no cap on the amount), or
- (b) For issues with a reduced PILOT payment, 1/10 of 1% of the "as-built" appraisal (or a "prospective future market value upon completion of construction of the project" appraisal, as the case may be), of the property that is to be owned by the IDB and subject to the PILOT (with no cap on the amount).

For example, if the PILOT applies only to leasehold improvements, then the appraisal would be only on those leasehold improvements. If the PILOT applies to land and improvements, then the appraisal would be on both. T

The foregoing appraisal must be furnished to the IDB, at the applicant's expense, prior the delivery of the bonds so that the closing fee and annual fee (see 4(b) below) can be determined in advance and incorporated into the bond agreements. The appraisal must be prepared by a General Real Estate Appraiser, certified or licensed by the Louisiana Real Estate Appraisers Board and acceptable to the IDB.

4. Annual Administrative Fee.

- (a) With no reduced PILOT Agreement. Projects that do not have a reduce

PILOT feature pay no ongoing Annual Administrative Fee after paying the 1/20 of 1% Closing Fee described in 3(a) above.

- (b) With PILOT Agreement. Projects with a reduced PILOT feature pay the Closing Fee described in 3(b) above, PLUS an ongoing Annual Administrative Fee payable in each year that a reduced PILOT is in effect. The Annual Administrative Fee shall be in the same amount as the 1/10 of 1% Closing Fee described in 3(b) above, but subject to an annual cap of \$50,000. The Annual Administrative Fee for such issues will be due and payable on each February 1, however bonds delivered on or after October 1 of any calendar year will begin paying the Annual Administrative Fee on the second February 1 thereafter.

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- All references to PILOT refer to deals where a reduced “payment in lieu of tax” is negotiated using a PILOT. See Fee Structure and Examples attached.

EDWARDS AVENUE PARTNERSHIP

David Wolf advised that this application was a standard resolution for preliminary approval on up to \$9M in bonds, adding the developer was also seeking GO Zone bonds and that no PILOT was being sought. He added that Edwards Avenue Partnership may be the entity that goes before the State Bond Commission, or it may be a related entity with a different name, but in any case it would be owned by the same group. He then provided a description stating the proposed request for bond financing was for the purchase of 27 acres of undeveloped, unimproved property for development of office buildings and warehouse space for use and lease in international trade and logistics and equipment purchase. The facility will serve as a distribution center for port cargo drayage, bulk commodity handling and container depot management. Mr. Jack Jensen, applicant representative, advised that he was born and raised in New Orleans; that originally, the business was located in New Orleans but moved to Harahan in the mid 90's. They are now trying to put all operations under one location and expand. The location has a 100K square feet building space on 27 acres which are to be purchased and is located across from the old Desire development. He advised that many businesses in that area left the port for Houston leaving New Orleans as a secondary port; they now wished to open that business importing rice, petro-chemical, pallets, cotton and other products from Brazil. The anticipated date of closing is March 2009 with completion scheduled for the end of 2009.

Mrs. Good asked what will be done with the Harahan location to which Mr. Jack Jensen responded that it will be rented or leased.

After all discussions and concerns, a motion was offered by Mr. Saizan and seconded by Mr. Koch to grant preliminary approval on the developer's request for \$9M in bonds. Upon vote, the grant for preliminary approval passed unanimously.

BUDGET

Mrs. Good presented the draft of the budget advising that costs for insurance, the possible increase in rent and monitoring were not included. Because of time, the Board was asked to review the budget and submit any suggested changes or concerns to her. Before deferring the matter until the next meeting, Ms. Katherine Smith, the IDB accountant was recognized. She informed the Board that the accounting process has been speeded up since more is being done in-house. Mrs. Good reminded the Board that the budget was a work in progress. Ms. Martin added that Mr. Wilson asked that money be allocated for board development, i.e., a possible workshop to determine IDB direction. Mrs. Jones-Harris added that the IDB should be engaged regionally for additional training. Mrs. Good stated that an allocation could be placed in the budget for this or address each concern as opportunity arises on which the Board could vote on an individual basis.

No vote could be taken as the board, at the time, did not have quorum.

FINANCIAL DISCLOSURE LAW

Mrs. LeBourgeois stated that she had concerns on the reporting process to the State Ethics Commission and that she had spoken with Ray Cornelius about her concern. As an example, she stated, if you had a catering business and the Hyatt matter came before the board, in reporting to the State Board of Ethics one would only have to inform the Board "why" you cannot participate in any vote on the issue and leave the room. Qualified commissioners can now recuse themselves per State law unlike the prior law. Dr. French asked if this law changed since the City's educational meeting in October. Mr. Cornelius advised it had and that if any board member had concerns he would send a letter to the Ethics Commission on his/her behalf to get the issue clarified. He advised that Mrs. Jade Russell had done considerable research and the law currently states that recusal is appropriate.

ADMINISTRATOR'S REPORT

Ms. Martin advised that a copy of the Administrator's Report and all attachments were included in the Board packet.

FINANCIALS

The Board was advised that copies of the financials were included in their folder.

The meeting adjourned at 2:30 PM.

Susan P. Good, Secretary Treasurer