

**MINUTES OF THE SPECIAL BOARD MEETING  
OF THE  
INDUSTRIAL DEVELOPMENT BOARD  
CITY OF NEW ORLEANS, LA, INC.  
JANUARY 27, 2020  
10 FL. CONFERENCE ROOM, 1340 POYDRAS  
NEW ORLEANS, LA 70116**

**Present:**

Mindy Brickman  
Susan P. Good  
Edith G. Jones  
Darrel J. Saizan, Jr.  
Iam C. Tucker

Troy A. Carter, Sr.  
Eugene J. Green, Jr  
Lisa S. Mazique  
Theodore Sanders, III

Walter C. Flower, III  
Lesli D. Harris  
Alan H. Philipson  
C. David Thompson

**Absent:**

Julius E. Kimbrough, Jr.

**Also Present:**

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

**Guests:**

Gary Solomon  
Kyle Brechtel, Brechtel Hospitality  
J. P. Morrell, Attorney  
Eddie Rantz  
Andy O'Brien, N. O. Building Trades  
Sharonda Williams, Fishman Haygood LLP  
M. Haynes Johnson, Wisznia Architecture and Development  
Simcha Ward, Wisznia  
Andrew Valenti, City Business  
Leigh Ferguson, Downtown Development District  
LaSwanda Jones, Downtown Development District  
Michael Duplantier, Lafayette Square Association  
Stanley McDaniel, The McDaniel Group  
Tim Spratt, Kirkendoll Management  
Lisa Ross, Orleans Parish Assessor's Office  
Chris Young, ATG  
Billy Blatty, Barcadia/Sofia  
Lisa Alexis, City of New Orleans  
Carroll Morton, City of New Orleans/Film Office  
Ernest Gethers, City of New Orleans, Office of Comm. & Econ. Development  
Ellen Lee, City of New Orleans, Office of Comm. & Econ. Development

President, Alan H. Philipson, called the meeting to order at 3:00P. M. A roll call confirmed a quorum.

There was an introduction of guests.

The President opened the meeting advising this special meeting relates to the St. Charles St. Joseph Development otherwise known as Two Saints. He provided the procedures by which the special meeting would be conducted: 1) Both sides will be given the opportunity to make their presentation concerning the issues raised in a letter submitted by Kyle Brechtel and Bill Blatty which address changes being made to the Two Saints project for which a PILOT has been approved by the IDB; 2) Comments and questions will then be addressed by the Board; 3) Thereafter, the floor will be open for public comment. During the process, Mr. David Wolf, IDB Bond counsel, will ensure that the process is following protocol.

### **St. Charles/St. Joseph (Two Saints) Presentation**

The President deferred presentation to Mr. Simcha Ward, Development Manager of Wisznia. Mr. Ward advised that he received a copy of the Brechtel/Blatty letter this week and was here to address the concerns. He advised that it was always the intent of the Developer to be clear and to update all on the modifications of the project which include still 100% rent control from vision to reality. The journey has been challenging with increased construction costs due to the increase in rental units (from 203 to 218); an increase in the commercial ground floor space from 12,000 square feet to 24,500. The project plans to meet the target of local hiring and DBE participation.

### **Community Opposition Presentation**

Mr. J. P. Morrell, representing concerns of nearby businesses, expressed that his clients have come to address changes in the project which are substantial and which now create conflicts and concerns. He expressed an appreciation in having a comprehensive study conducted before the IDB grants tax dollars as given in the PILOT, particularly in light of the substantive changes. The project, when originally submitted, was accepted by the community as reasonable, i.e., housing with a small footprint for commercial. The previous analyses now appears to be obsolete considering the major changes which now creates housing and a bowling alley and bar (owned by Punch Bowl Social, a national enterprise) in the commercial space. He addressed the need for a new cost/benefit and “but for” analysis, adding that Punch Bowl will be paying market rate rent creating more income for the project. Mr. Morrell questioned how the project could be given approval without updates of the analyses.

Further, he explained that the project will be across the street from the Sewerage and Water Board main office and will further complicate parking in that area. That is but one of the many other concerns by the community related to major structural changes now submitted by the developer. His clients’ concern is the structural composition change and the tax break being given to such a project where the commercial phase creates a competitive edge.

### **Board Member Comments:**

Mr. C. David Thompson thanked both presenters for their statements. He advised that when this project was first submitted, everyone was excited and that the IDB is still excited about the affordable housing component of the project. He added that the IDB looks at projects first by

application, then by review of both a cost/benefit and “but for” analysis; tax projections from Assessor’s office; and then with input from the City. The overarching goals of this project is workforce/affordable housing. Sometimes the economic benefits do not outweigh the community benefits. The City is in line with the IDB on this project and City policy may override protests. The IDB does not consider zoning issues, this is the City’s purview. At the time this project was given approval, the IDB had no knowledge of the commercial tenants would be of the structure only that there would be commercial tenants. The IDB does not consider who the tenants will be nor does it look at the competitive landscape. As with the City, we saw a project offering affordable housing for which the City has a continual goal. Based on these review aspects, it was beneficial to grant a PILOT.

The President then deferred to counsel, David Wolf. Mr. Wolf directed the Board to the resolution included in each member’s packet. He then advised that the IDB application process for requesting a PILOT includes the development plan of the project. Zoning requirements are between the developer and the City’s zoning and permit office(s). He recommended that the IDB not get involved with zoning issues.

Mr. Eugene Green stated that the letter from Brechtel and Blatty addresses the major changes of the project and current PILOT. The Board reviewed the CBA and BFA and the Board has considered the benefits to the City. However, under the circumstances, the Board should have the analyses updated. The Board should not put itself in the position of not updating its information if the project has been changed and should ask for the new numbers from the developer. It seems obvious that the changes could generate more revenue.

Mr. Darrel Saizan echoed Mr. Green’s comments adding that he is for affordable housing and added that as he understands it, the project lacks parking. Without parking the area is certain to be congested as parking is disappearing in the downtown area and could affect customer service at Sewerage and Water Board. The IDB was under the impression the project would offer small scale retail.

Mrs. Edith Jones stated that as with Mr. Saizan, she is concerned about the parking issue. This project now sounds like a new project, not the one originally submitted to the IDB. She would like to see a new CBA and BFA.

Mr. Troy Carter stated that all good points have been made but there is a fundamental difference and that anytime there is a fundamental change, it is the fiduciary responsibility of the Board to review and understand the impact of the changes. This is not about a competitive edge. The developer should submit the changes to the Board for review.

Ms. Iam Tucker commented that workforce housing is important but questioned who the project is designed to house. She agrees with the parking issues adding that she had to move her business from downtown as the cost to park was prohibitive for her employees. She then questioned the rate of return by the developer in light of the changes.

Ms. Lisa Mazique stated that on its face there is a sizeable change in the project with the modifications. The new tenant can significantly change the rate of return. She also questioned

whether the rents for housing would help service industry employees. She agreed that based on the face of the change, more revenue could be generated. She added that there should be a level playing field.

Mrs. Susan Good stated that after hearing all concerns, she wished to place a motion on the floor for the IDB to re-open the preliminary terms. The developer should submit a full disclosure of the changes, with a request for a new CBA and BFA before moving forward. The infusion of capital and the increase in commercial space from 1200 to 2500 square feet and the additional units may change the numbers.

**Public Comments:**

Mr. Kyle Brechtel, co-author of the letter submitted to the IDB, offered his appreciation to the Board for organizing the special meeting today. He contended that the average salary of a service industry employee is around \$15 per hour with a possible maximum of \$50K per year. He contended that he is an advocate for workforce housing, however he feels that \$1400 (the suggested rate) is not “affordable”.

Mr. Ward, developer representative, thanked the Board and Mr. Brechtel and responded that 1) communication should have been better; 2) the \$100K capital infusion is not coming from the proposed tenant; 3) the net fiscal benefits to the City are greater; 4) construction costs increased by 20%; 5) they were lucky to find a tenant able to move in; and, 6) the project is not possible but for the PILOT. He added that they have been working for the past two years to attract a tenant to offer new market tax credits (?). He is hoping that the delay for the CBA and BFA will not affect the land use review meeting of the City Planning Commission. As the Board is aware, he stated, the PILOT is not effective until financing has been secured. He added that he will mail a copy of the letter detailing the changes of the project, a copy of which he passed out to the Board.

Mr. Green then inquired as to why the feasibility analyses would delay the land use review. He asked to have the record reflect that IDB did not wish its decision to affect the land use review and approval.

Mr. Morrell stated that based on the original project proposal, the cost/benefit and but for analysis submitted two (2) years ago should be updated; and that there has been new market tax credit trouble for years now. If needed, however, there are other incentives such as the opportunity zones, the Louisiana housing finance authority, HANO for housing – a plethora of help. His concern before the board today is the PILOT.

Mr. Thompson stated that the IDB is not an antagonist nor protagonist on this project. The Board simply reviews applications to determine if projects are suitable, not if it passes zoning issues, and by virtue of the result of cost/benefit and “but for” analyses, the IDB may determine if a PILOT should be granted. The IDB is willing to look again at the PILOT in consideration of the changes.

Mr. Carter interjected that the issue here is not zoning. It is the changes that have been made since the granting of the original PILOT. The original and the current status of the project are now two different animals, he stated. The IDB has a defining role in determining which projects are suitable for a PILOT.

Mr. Walter Flower reminded the Board that a motion, presented by Mrs. Good, was on the floor. He added that the PILOT may have to be tweaked based on Mrs. Good's motion.

Ms. Ellen Lee of the City's Office of Community and Economic Development advised that the City supported the calculations of the rents and amenities. She added that Mayor Cantrell wants to make sure the IDB gets a chance to review the issues and then provide a timeline for the delivery of the analyses. The City wishes to be a good steward.

The President assured Ms. Lee that the IDB would do all it can to expedite everything needed to make a determination. There may be the possibility of calling another special meeting if it becomes necessary.

Mr. Wolf provided that the motion offered by Mrs. Good's stated that a new CBA and BFA be conducted based on the current structural changes and information. He added that these two analyses should not take as long as the first. Once completed and the reports received, there will be a meeting with the IDB committee, the City and the Developer which could coincide with the IDB's next regularly scheduled meeting.

At this time, Ms. Sharonda Williams asked to comment, advising there is a difference in the zoning for that district, a requested conditional use, related to parking. Timing could interfere with the Council's meeting timeline, creating a possible delay on the zoning vote. The Council, however, has that ability to postpone.

The President then asked if there were any further comments. None were offered.

Mrs. Good's motion was restated. A second was offered by Mr. Flower. By unanimous vote of the Board, the motion passed.

The President then accepted a motion to adjourn from Mrs. Jones, with a second by Mr. Flower. By unanimous vote, the board meeting adjourned at 3:55PM.

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/s/ *Susan P Good*  
Susan P. Good, Secretary-Treasurer