

**MINUTES OF THE BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD
CITY OF NEW ORLEANS, LA, INC.
JANUARY 14, 2020
10 FL. CONFERENCE ROOM, 1340 POYDRAS
NEW ORLEANS, LA 70116**

Present:

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

Troy A. Carter, Sr.
Eugene J. Green, Jr
Lisa S. Mazique
C. David Thompson

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

Absent:

Julius E. Kimbrough, Jr.

Theodore Sanders, III

Iam C. Tucker

Also Present:

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

Guests:

Andy O'Brien, New Orleans Building Trades
Kyle Brechtel, Brechtel Hospitality/Fulton Alley
Peter Gardner, Gardner Development (6400 Chef Menteur, LLC)
Miles Granderson, Sherman Strategies/Edwards
Eric Reeves, Edwards Communities
Jeff Stone, Edwards Communities
Lauren Marshall, Woodward Design Build
Bear Cheezem, Woodward Interests
Michael Merideth, VPG Construction
Ernest Gethers, City of New Orleans, Office of Economic Development
Jennifer Johnson, City Wide Jenn Johnson Properties
Jeff Schwartz, City of New Orleans, Office of Economic Development
Victoria Lewandrowski, Office of Councilwoman Cyndi Nguyen
Tonya Pope, Jazzland
Stanley McDaniel, The McDaniel Group
Richard Briscoe, FMM Enterprises
Ellen Lee, City of New Orleans, Office of Comm. & Econ Dev.
Raychelle Harris, Harris Legal Support Service, LLC
Steven Kennedy, REO, LLC

Andre Lewis, VPG
Eva Washington, Friends of Joe W. Brown Park
Alexcear H. Short, Friends of Joe W. Brown Park
Tangee Wall, Friends of Joe W. Brown Park
Ira Middleberg, Middleberg Riddle Group
Killee Clement
Jenna Burke, Office of Councilman Jay Banks
Jessica Williams, The Advocate

President, Alan H. Philipson, called the meeting to order at 12:12P. M. A roll call confirmed a quorum.

There was an introduction of guests.

APPROVAL NOVEMBER 22, 2019 MINUTES

The President sought a motion for approval of the November 22, 2019 minutes. A motion by Mrs. Mindy Brickman was offered with a second by Mr. Eugene Green. The Board voted unanimously for approval.

6400 CHEF MENTEUR, LCC

The President opened, advising this matter was before the Board for Preliminary Approval. Mr. David Wolf, Bond Counsel, recognized, advised the project comprised a mixed-use building of 1-bedroom apartments with ground floor commercial space. The location is on Chef Menteur Highway at the former Holiday Inn complex near the I-10 Highrise. The Developer is seeking a 20-year PILOT at the current taxes of \$9,000 - \$11,000. The PILOT will be negotiated by the IDB committee, The City and the Developer based on the result of the cost/benefit and “but for” analyses.

The President recognized Mr. Peter Gardner, the Developer, who stated he is a local developer, renovator and contractor, in business for 19 years. He purchased the property two years ago at a blight auction. Initially, it was clean and still furnished, adding that it has now been placed on the Historic Register. He will be seeking historic tax credits and is moving forward to the lending process.

Mr. Gardner advised that in 1969, the site was the home of a Holiday Inn. The site did not flood during Katrina as Chef Menteur sits high. Structurally, in 2011, it was still in decent condition and still furnished but by attrition, it had become a blight issue to the City which began to concern the surrounding community. The proposal is to turn this site into permanent housing with one-bedroom apartments at market rate units but at affordable prices, commensurate with rents in the area. Some units will be set aside for workforce housing, leaving open an option for hotel use. There will be a total of 100 units for long-term housing. He will judge the market later for the pursuit of hospitality suites.

Mr. Gardner further stated that with regards to the neighborhood and the commercial use of the site, there is currently a hotel next door and another with an RV park. The amenities that will be included in the project will service not only the tenants but the nearby residents as well.

In response to a zoning question raised by Ms. Lisa Mazique, Mr. Gardner stated the site is zoned C-3 for hotels. It allows no housing except with a conditional use and he, therefore, he is applying as a hotel with a mixture of long-term housing. Ms. Mazique stated that with concerns of short-term hotel suites to affordable units (market rate for one-bedroom apartments at \$750), the perception can become confusing.

Mr. Darrel Saizan inquired as to whether there was a business association for the area. Mr. Gardner responded that he was not aware of one but recognized a need for such an association. Chef, he stated, is a picture of negligence with some businesses such as Banner Chevrolet, U-Haul and he is hoping his project will serve as a catalyst in improving the area.

Mr. Gardner stated that amenities such as conference space, pools, etc. can benefit the residents and, if hotel units are included in the proposal, they will not be mixed in with rental space of tenants. He stated he doesn't see an issue with the balance while creating new housing.

Mr. Green commended Mr. Gardner for taking the risk, as that area is challenged with many issues. The current signature on the project site the words "Cave Man Reader" written across the I-10 side of the building suggests there is no economic development in the area.

At this time, the President opened the floor for public comment, with a 2-minute limit per comment.

Ms. Victoria Lewandroski of Councilmember Cyndi Nguyen's office advised that Ms. Nguyen is in support of the project, wishing that it will serve in ridding the area of the blight, serving in perpetuating further economic development in the area.

Ms. Jennifer Johnson who lives in the area presented that as a resident, she is looking forward to the additional housing for the area. She further stated that this project will take away the eye sore that currently exists.

Ms. Tangee Wall of the NOLA East Focus Group commented that the East is in support of the project as it will serve as a great beginning to redevelopment of the area, serving as an important gateway for further economic development.

Mr. Michael Meredith stated that it is commendable that such a risk will be taken and that the project will become a huge benefit to the community.

Ms. Ellen Lee of the City's Community and Economic Development office stated the City has no objection to the project. The Mayor says New Orleans East is a priority.

Ms. Edith Jones remarked that this is the first time she recalls a developer committing 80% of the project for DBE participation and 75% of the jobs created for minorities. She commended the Developer for this.

After all discussions, the President requested a motion for preliminary approval of the project as presented in the Resolution. Same was offered by Mr. Green, with a second by Mr. Saizan. By a unanimous vote of the board, preliminary approval was granted. The President then thanked the Developer and everyone for their comments.

EDWARDS MID-CITY PHASE I AND PHASE II

Presentation of the local hire/DBE report was offered by Miles Granderson of Sherman Strategies. He reported that the 282-unit project, collectively, shows a DBE participation of 43.6 % which puts them in the position to exceed the IDB and the City's target when both phases are combined. The current local hire workers' target is at 50.8%, combined. (Report on file). Mr. Saizan inquired as to whether the development has started leasing and Mr. Granderson responded that Mid-City Phase I is partly operational and leasing up.

EDWARDS LGD (ANNUNCIATION STREET)

Currently, the DBE target is at 35.6% and local workers at 22%. (Report on file).

WOODWARD AUDUBON (730 JULIA)

Mr. Bear Cheezum, Developer rep, and, Mrs. Lauren Marshall of Woodward Design Build presented the DBE/Local Hire Report. Construction has been completed and leasing is currently underway. During construction, the Developer reached 23.09% of the 35% target, equivalent to \$9M in DBE participation dollars. Local hire was 41.81% for Orleans Parish and 49.82% for the metro area. Based on the final percentages, they did not meet the 35% DBE target although, in their estimation, they engaged all the "best efforts" to reach it, including working with Good Work Network for outreach to contractors, as the written report bears. (Report on record).

The President thanked the representatives for the report. Ms. Sharon Martin, IDB Administrator, reminded the Developer representative that, according to the Lease Agreement, a final audit would be undertaken to review the numbers to which the representatives agreed.

The Developer was also reminded of the PILOT language, with respect to meeting the target is not a hard target but one wherein "best efforts" must be proven. The City's Office of Supplier Diversity will render an opinion. Ms. Mazique asked the Developer to articulate their problems with outreach. Mrs. Marshall advised that there appeared to be a "lack of interest" in spite of their broad outreach. There is not a large group of new contractors, and at the outreach meetings, there were very few responders.

Mr. Michael Meredith of the VPG Group commented that it is often very difficult to get responders because of the work required to bid or to get certified as a DBE. Mr. Troy Carter stated that this is a general issue with the State, as well. Many DBEs are frustrated with the process and that includes getting paid once their bid has been accepted. The wait period is anywhere from 60-90

days. The process needs to include safeguards - something the IDB should consider looking at. Mrs. Marshall echoed that the payment process or wait time for payment is an issue for DBEs.

There being no other questions, Mr. Philipson thanked the Developer representatives for their report.

FINANCIALS

Mrs. Susan Good, Secretary-Treasurer, directed the Board to the December financials included in their packet. Since DXC failed to meet their target for salaries in the first year, she advised, the full \$150,000 was not allocated in 2019. The amount paid to DXC in year one was \$81,750. Additionally, Legal Fees were over budget. Of note, however, the IDB was reimbursed by the Six Flags account for the legal fees paid to Adams and Reese identified in their statement as Six Flags expenses. Every other line item is in order, resulting in an end of the year net income of \$320K.

Mrs. Good then moved for acceptance of the December 2019 financials. Same was seconded by Mr. David Thompson. The Board voted unanimously for acceptance of the December financials.

Mrs. Good then presented the draft of the Six Flags 2020 budget for review and approval. A cash balance of approximately \$163,000 was on hand at the end of 2019. Budget line items include 1) the receipt of a long-term rental fee \$163,200 (through the end of January 2020). This lump sum will help cover expenses for a great part of the upcoming year. The budget reflects that the IDB anticipates at least three short-term leases at \$5,000 each for a total of \$15,000. Expenses expected are for security, grass maintenance, insurance, legal fees and miscellaneous expenses resulting in a yearly total of \$184,033. A year-end deficit of \$5,832 is predicted.

Mrs. Good then moved for approval of the Six Flags budget as presented. A motion was offered by Mr. Thompson and seconded by Mr. Saizan. The Board unanimously voted for approval of the budget as presented.

Ms. Lee advised that the City is currently working on creating a best use model of an RFQ (Request for Qualifications) for the Six Flags property which is scheduled for release/distribution the first quarter of 2020. However, with the current cyber challenges, this may be delayed. Response to the RFQ requires a 60-day turnaround. The City will create a review panel which will include the IDB.

Ms. Lee was then questioned by Ms. Mazique as the use of tourism to put the site back in commerce or would this be a single-use development. Mrs. Jones asked that if not enough income is generated where would the funds come from since the CEA calls for the IDB to maintain, secure and insure the site. Mr. Wolf, IDB Counsel, interjected that if a time comes where revenue is not generated, the CEA contemplates that the funds to maintain the site will come from IDB revenue at which time the Board will have to make a decision to operate based on the City's plan. He reminded the Board that the site *is* owned by the IDB and the IDB does have unrestricted funds that could be made available to cover Six Flags expenses. He added, that under the CEA, which was extended for an additional year, the City has the responsibility for marketing and issuing the RFQ all of which is subject to the approval of the Board. If nothing happens with the RFQ, the IDB would have the discretion of determining the future of the property.

Ms. Wall advised that she comes to the board meetings and is glad to see the City represented today. She wanted to know if the distribution of the RFQ would be limited or open to the general public for response as the group is interested in knowing how it will be distributed.

The President asked Mrs. Good to move forward with presentation of the 2020 draft of the IDB's budget for review and approval. Of note is 1) The yearly calculation of Administration Fee for PILOT related projects total \$441,119; 2) Application Fees reflect receipt of three PILOT applications; 3) Closing Costs represent the closing of only WD Phase I, LLC; and possibly 6400 Chef Menteur, LLC project. Not included are those projects that have been carried in the budget for the past 4-5 years that were assumed to be closed but to-date have not.

In explanation of budgeted Expenses, Mrs. Good advised that the increase in staff salaries is pursuant to a previously Board-approved yearly increased based on the consumer price index at the end of September each year. This year, the CPI was 1.7%. The Legal Fees budget was increased to \$25K to keep up with costs incurred in 2019. Professional Services – Audit has been increased to \$12,000 due to additional work required by the Louisiana Legislative Auditors; and Professional Service – Accounting has been increased due to increase in accounting work required during the audit process. The DXC Technology contribution from IDB is budgeted at \$150K for the year. The foregoing results in a budgeted net income of \$163,000 for 2020.

By motion of Mr. Saizan with a second by Mr. Flower, the Board voted unanimously to approve the IDB budget presented by Mrs. Good.

INVESTMENT COMMITTEE

Mr. Thompson, the Investment Committee Chair, advised that a meeting of the committee is anticipated in light of upcoming maturity of a couple of CDs. The Committee will discuss the goals of diversification and placement of maturing CDs in LAMP (Louisiana Asset Management Pool). The Board will be updated thereafter.

As an aside, Counsel Wolf, interjected that three (3) closings have taken place, particularly, Drive Shack, Winn Dixie Phase I and Bourgogne Bywater. Additionally, there is a new draft of the IDB application and once completed, it will be sent to each member for review. This application is more focused as a PILOT application, showing how the PILOT process comes together. The final copy will be posted on the IDB website and could be helpful to the Board in understanding the process as well.

ELECTIONS

By motion of Mr. Thompson with a second by Mrs. Jones, the current slate of officers was nominated to serve another year. By unanimous vote, the current slate of officers: Alan H. Philipson-President, Darrel J. Saizan-Vice President and Susan P. Good-Secretary/Treasurer were re-elected for 2020.

EMPLOYEE MATTERS

Retirement Participation Update

Mrs. Good deferred discussion of this matter to Mr. Thompson who advised that Mrs. Good provided him with information she gathered in reference to retirement programs. More work and research will have to be conducted on this matter to determine how to set up a workable retirement for the IDB's one full-time employee, i.e., a simple IRA, as well as determine a cap on employee/employer contribution which seems to be anywhere between 2 - 5%. This is a matter for the Investment Committee. He reminded the Board that by letter from Council-at-Large Jason Williams, the IDB was informed that its request to participate in the City's retirement program was denied.

At this time, the President asked if there was any further business to be discussed. Ms. Lee was recognized. She commented on the challenges facing DBEs re payments from contractors that affect DBEs meeting their expenses such as payroll. She advised that the City has partnered with NewCorp, a local financing agency, through a mobilization fund in the amount of \$5M that will serve as a bridge loan for start-up businesses, as well as new and existing businesses to meet their obligations. The partnership includes Liberty Bank and Kreege & Kellogg Foundations. Mrs. Vaughn Fauria, the founder and director of New Corp, having worked with small businesses, will reach out to contractors to let them know of the fund.

PUBLIC COMMENT

Mr. Kyle Brechtel, of Brechtel Hospitality/Fulton Alley was recognized and informed the Board that he sent a letter to the IDB on January 20 addressing the PILOT granted for the Two Saints project. His concern is that this project, with the changes, allows the developer to pay lesser taxes creating an unfair business advantage. Because the scope of the project has significantly changed, he asked the IDB to reconsider the project and the requested PILOT. He advised that even the elements of housing to be offered has changed and should be reviewed, as well.

President Philipson advised that everyone should review the copy of the letter submitted by Mr. Brechtel which is included in their folder. Counsel Wolf added that the project has been on hold for almost two years and the scope of the project has changed from that which was originally presented to the IDB. No action is necessary today as the Developer will need to provide more information. The IDB can ask the Developers to provide an update and report back at the February IDB board meeting.

Mr. Green thanked Mr. Brechtel for his letter of concern, and, assured him that the IDB is interested in knowing the changes that have taken place including the affordable housing. He then asked that he return to the February meeting at which time the Board will have had the opportunity to review and assess the changes.

Mr. Ira Middleberg was recognized and advised that the matter is going before the City Council for review and that there is an ordinance pending showing the changes to the project.

The President thanked Mr. Middleberg and advised that the IDB will take this matter under advisement.

The President then accepted a motion to adjourn from Mr. Green, with a second by Ms. Lesli Harris. By unanimous vote, the board meeting adjourned at 1:37PM.

 /s/ *Susan P Good*

Susan P. Good, Secretary-Treasurer