

**MINUTES OF THE “ZOOM”BOARD MEETING
OF THE
INDUSTRIAL DEVELOPMENT BOARD
CITY OF NEW ORLEANS, LA, INC.
MAY 12, 2020
10 FL. CONFERENCE ROOM, 1340 POYDRAS
NEW ORLEANS, LA 70116**

Present:

Mindy Brickman
Lesli D. Harris
Lisa S. Mazique
Theodore Sanders, III

Susan P. Good
Edith G. Jones
Alan H. Philipson
C. David Thompson

Eugene J. Green, Jr
Julius E. Kimbrough, Jr.
Darrel J. Saizan, Jr.
Iam C. Tucker

Absent:

Troy A. Carter, Sr.

Walter C. Flower, III

Also Present:

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

Guests:

Madro Banderes, Lafayette Square Association
Ryan Bordenave, Downtown Development District
Marcel Wisznia, St. Charles/St. Joseph (Two Saints)
Simcha Ward, St. Charles/St. Joseph (Two Saints)
Logan Q. Brown, Engineering Student
Maxwell Ciardullo, Louisiana Fair Housing Action Center
Jeb Bruneau, Ass'd Builders & Contractors
Susan Dudis, BGR
Ernest Gethers, City of New Orleans
Gary Hopkins
Aaron Jordan
Ellen Lee, City of New Orleans
John LaMarque
Andy O'Brien, The Advocate
Melanie Owen
Tonya Pope, Jazzland
Kathleen St. Germain
Sandra Stokes, Louisiana Landmarks Society
Jay Robichaux
Jeffrey Schwartz, City of New Orleans

Casandra Sharpe
Tangi Wall, Friends of Joe Brown Park
Eva Washington, Friends of Joe Brown Park
Joey Watson
J. Edwin Webb, World Trade Center
Courtney Stuckswisch-Wong, City of New Orleans
Beth Zeigler, Hancock Whitney
Jenna Burke, Office of Councilman Jay Banks
Jessica Williams, The Advocate
Sharonda Williams, St. Charles/St. Joseph (Two Saints)

President, Alan H. Philipson, deferred the explanation of protocol for the “Zoom” meeting to IDB counsel, Mr. David Wolf, who provided same.

The President called the meeting to order at 12:10PM. A roll call was had, confirming a quorum.

There was an introduction of guests.

APPROVAL JANUARY 14, 2020 and JANUARY 27, 2020 MINUTES

The President sought a motion for approval of the January 14 and January 27, 2020 minutes. Same was offered by Mr. Eugene Green with a second by Mr. Darrel Saizan. There was a unanimous vote by the Board for approval of both.

ST. CHARLES/ST. JOSEPH PROJECT (TWO SAINTS)

The President, invited Developer representatives, Marcel Wisznia and Simcha Ward for their comments. Mr. Wisznia thanked the Board and the City for its participation and effort in reaching an agreement and hosting the meeting. He advised that the City Council has motioned for approval of the conditional use permit of the property. Councilmember Banks encouraged them to revisit the affordability criteria that had recently been negotiated by the Mayor’s Office of Economic Development and the IDB. As a result of this directive, they have been able to enhance the residential affordability criteria. The development will serve a broader range of lower income bands, including the incomes of 60%-80% of the AMI. This new approach was studied by the IDB and its consultants and generated findings that concluded that the PILOT 1) will generate a net fiscal benefit to the City of over \$1M during the PILOT period; 2) will provide permanent employment benefits of approximately \$25M during the PILOT period; 3) will stimulate approximately \$10M in DBE and MBE contracting opportunities; 4) will allow the project to proceed and, 5) the “but for” analysis recommends the PILOT, as awarded in 2018, remain in place. Mr. Ward then was recognized for comments.

He thanked all parties for the opportunity to move the project forward. He said in the short- term, the changes in the project strengthens its case. Preliminary data shows that this housing model out-performs other housing models because it creates more space for social distancing in a co-living environment with a cleaning schedule and it provides more space than in a micro unit. In the long-term, based on information from health professionals and economic experts, recovery will be a multi-year process for both the health crisis with a vaccination expected in 2021 and an

economic crises that might last until 2024, when affordable housing needs will be even more critical. Additionally, shared-living and co-living reduces the cost of living.

Mr. Wolf then advised that prior to Board comments it is customary to allow public comments. He acknowledged Mr. Maxwell Ciardullo, Policy and Communications Director for the Louisiana Fair Housing Action Center, who stated he appreciated the project with the improvements made but that his inquiry is for clarification. He stated that the unit numbers match up with proviso but his concern is with the math used to calculate rent which seems to violate the proviso. The units are expected to be priced for people with incomes below 60% AMI. The application chart shows rent for a household with income beyond the 60% AMI. HUD calculates affordability at 30% of your income for rent and utilities. With the 60%, tenants will be cost burdened from the onset. Typically, rents are set at 50% AMI which would ensure a minimum degree of turnovers. Mr. Wolf directed the Board to a chart he shared in the Resolution, showing the number of units reserved at 60%. As shown in the proposed Resolution a majority of the units are rented at a higher AMI percentage, i.e., 80%, 100% and 120%.

Mr. Ward responded that what was decided is a figure at 35% of the AMI rather than 30% of the AMI as dictated by HUD. The reason why it is different on this project is that conventional income housing is not furnished (these units will be furnished) nor are they cleaned on a regular basis. Also included is the \$100K community programming budget that makes the shared-living approach work. Initially it was structured such that the rents included shelter essentials with utility costs. The chart shows some of the benefits covering those costs. Obviously, he stated, we want to set up our tenants and property for success. Mr. Wisznia interjected that there are numerous amenities which are much more inclusive. Seeing no other requests from the public to speak, Mr. Wolf directed any board member with questions to be recognized.

Mr. Green inquired as to correspondence received today which stated the Council's action was not final. Mr. Wolf confirmed a lawsuit was pending that challenges some of the Council's decisions.

Mr. Wisznia then added that there is a "catch 22". The Council wanted to make its decision after the IDB actions on the PILOT. That meeting by the City Council is slated for next week. Mr. Wisznia then deferred to attorney, Sharonda Williams. She stated that the Council had already voted on the zoning ordinance motion. It still needs approval as the final ordinance and is to be taken up by Council at its next scheduled meeting. She did report that there was a lawsuit filed but there is nothing in that lawsuit that prohibits the Council from proceeding with a vote. The allegations in that lawsuit essentially amount to a challenge of the delays in the deadlines before the City Council. Due to the cyberattack against the City, the Mayor extended the deadlines by boards and commissions including zoning matters. With the IDB's approval today, there is nothing to prevent the Council from voting.

Ms. Jenna Burke of Councilman Banks' office clarified that the issue before the Council was a land use issue which is not scheduled to be addressed until June. The Council decided to submit the ordinance for a vote. It was removed from the consent agenda and now it is on the regular agenda. Councilman Banks wanted the IDB's approval of changes and affordability and the IDB's review of the consultants' analyses and its impact on the affordable units before the Council votes.

The President then recognized Ms. Sandra Stokes of the Louisiana Landmarks Society (LLS). She wished to acknowledge that this project has changed drastically since the initial approval by the Board. She agreed there is a need for more affordable housing and the LLS wishes for an assurance of a minimum of 40% affordable housing units and that the remaining 60% co-living units be held in perpetuity so that at no time can the project change from its approved structure to a hotel or a bed and breakfast or short-term stay. She asked that these written conditions become a part of the IDB's agreement with the Developer. She further stated that a decision now seems a bit premature in light of the lawsuit.

Counsel Wolf then confirmed that the PILOT lease describes the project as a co-living development with some retail. The Resolution before the Board references the set asides. There is no allowance that set aside space can be used as a hotel. As is true with any of the IDB's PILOT leases, if the conditions are defaulted on by the Developer at any time in violation of the terms of the agreement, the project will go back on the tax rolls as fully taxable. The PILOT Lease will have that provision. Recent PILOTs, he added, specify if the Developer violates the conditions for any 2-year period, consecutive or non-consecutive, it is an immediate default and will unwind the PILOT.

Mr. Wolf then advised that Ms. Ellen Lee submitted a letter showing the City's support of the project. He invited Ms. Lee for comments and she stated the City has been involved with this project for at least two years and has walked through the processes and procedures with the Two Saints Developers. In light of this pandemic, the City continues to support the project for the number of affordable units to be constructed and for the unique model it presents now and how it will be of benefit to the City as we move forward beyond this pandemic. The IDB's process assures that the commitments that are made will be codified with penalties imposed.

Ms. Iam Tucker inquired as to the length of the compliance period for the affordable units as compared to the PILOT term. Mr. Wolf advised that the affordability compliance period is 15 years after completion. She then asked with the unpredictability, and the City's need for affordable housing, if the affordability period could be extended beyond the 15-year period. She also inquired as to how parking concerns would be addressed. She then questioned how the \$10M DBE/WBE participation target would be met and did it include a Section 3 goal.

Mr. Wolf stated that in the PILOT lease there is a separate regulatory entity, or an accounting firm that will be used for monitoring compliance with all the set asides to ensure the DBE and local hire target are reviewed. With this project, as with any PILOT project, the Developer must comply with the requirements or face penalty.

Beyond the PILOT life, the IDB has no control. He then deferred any additional questions to the Developers. Mr. Wisznia addressed the extension of the affordability period, stating this co-living concept was created to look for a way to create more affordable housing in the downtown area. Instead of doing it as a mixed-income unit with some lower-income housing with market rate units, it was decided to find a way to make each apartment affordable. He said it is difficult to see the project beyond 15 years, but they are not interested in changing any of the affordable units that are needed. No commitment was made to keep this use forever. Their wish is to create housing for elements of the community who work downtown.

Mr. Ward then responded by stating the 15-year restrictive covenant, may, at the end of the 15-year period, require some recapitalization to modernize, but there are no intentions to change the affordability aspect. With respect to parking, the neighboring property offers some 400 parking spaces which are not reasonable or affordable. Arrangements have been made with a parking facility at St. Charles under the Pontchartrain Expressway for forty spaces at \$248 per month. This arrangement, along with 100 spaces for cyclists, is included in the proviso with the City Council.

Concerning the questions re DBE contracting, the Developer will work with Woodward Design Build to incentivize and they plan to exceed their goal. In regards to the minority contracting, Ms. Tucker encouraged the Developer to pay as much attention to meeting that goal as with any other goal. She encouraged them to become creative in their Section 3 outreach.

Mr. David Thompson believes that this is a good project. The lawsuit relates to zoning which is outside the IDB's purview and is more akin to what a bank would consider and require. He reminded those in attendance that the IDB was also provided a letter of support by the City, two new analyses were conducted, and we worked with the City in reaching an agreement.

Mr. Julius Kimbrough stated that the IDB serves as a public finance entity and as a public piece of our missions we must consider matters other than just financing and economic benefits that underly what we are doing. He echoed Ms. Tucker's concerns of the permanent affordability. He asked for a greater explanation of the compliance auditing mechanism in place to ensure the targets are met and speak to PILOT problems.

Mr. Wolf responded with regards to the compliance questions that there is a separate land use restrictive covenant. Even after the approval today, there are many other steps the Developer has to take including permits, waivers, etc. the least of which is to secure financing. Set asides based on income are common and there are organizations that provide this type of monitoring. The cost of such monitoring is borne by the Developer.

Mrs. Susan Good spoke to Ms. Tucker's comment as well regarding DBE participation. Woodward Design Build reported on a previous project at which time the developer had difficulty in acquiring DBE/WBE participation. Some subcontractors do not have the funds to meet payroll because they were waiting to be paid by the general contractor. In an effort to assist these subs the City advised that it has entered into a contract with a local company which has funds available for borrowing by subcontractors under these conditions. The Developer was reminded of the claw backs associated with the failure to meet these targets. Mr. Wisznia stated that he understands the goals and they are committed in putting the pieces together to complete the project.

Mr. Mando Banderes thanked the Board for allowing him to participate, advising that he represents the Lafayette Square Association, the entity that filed the pending lawsuit. He suggested the process by IDB and the Council is being done incorrectly and prematurely, and, that the court should uphold the claims of the lawsuit. Unfortunately, the pandemic has created a problem for the court in issuing a stay.

Ms. Lisa Mazique described her concerns as post-pandemic related questions. Considering the economic climate we are in, she questioned how the workers will be able to afford the housing. She has the same concerns with regards to financing considering the economic instability Mr. Philipson provided that the financing aspect of the project has nothing to do with the function the IDB performs in this process, adding that the IDB's approval of the PILOT can often aid the Developer in obtaining financing.

Ms. Tucker followed up concerning the issue of subcontractors. Many times the DBEs are only thought of during the construction period. There are many other services that DBEs can provide before and after construction. Developers and outreach companies fail to identify those services and therefore often fall short of the goals.

Mrs. Mindy Brickman interjected that she is in favor of affordable housing and this model but post-COVID her concerns are the increase in costs of living and the ability to comply with CDC guidelines under a co-living agenda. Mr. Wisznia stated they will do what is necessary to keep their tenants safe and property functioning and occupied

Mr. Philipson acknowledged all comments and moved for a motion absent any further comments. Mrs. Good reminded everyone who shared their concerns, that the IDB revisited this matter once and can revisit it again. The IDB will not take ownership until the project is placed in service. She then moved to accept the PILOT terms as outlined in the copy of the Resolution. Same was seconded by Mr. Saizan. Upon vote by roll call, there were 11 Yeas, and 1 Nay. The motion passed.

FINANCIALS

Mrs. Good, Secretary-Treasurer, presented the March financials, advising that the IDB administrator, had collected \$441,119 in annual administrative fees. Expenses to date are within or below budget. Further, there was income in the amount of \$7,800 in March for rental of Six Flags. Upon question, Ms. Martin advised that the site was not currently being rented yet there are pending requests for use. Mrs. Good further advised that the only financial issue outside the report are the CDs which matured or are maturing. She advised that she and Mr. Thompson, the Investment Committee Chair, have determined that most CDs were to be rolled over for 90 days, realizing that current interest rates are low. She also advised that one banking institution maintains a balance over the FDIC insured amount and it is suggested that these excess funds are transferred to the IDB's LAMP account. She advised that funds from one of the CDs at Iberia Bank would also be deposited in the LAMP account.

SIX FLAGS

Mr. Philipson advised that no one from the City was available to offer an update on this matter. Mr. Wolf advised that the City is yet working on the RFQ and are focusing and exploring other possible ways to generate revenue for the site.

Mr. Green requested that the motion for an extension for a year be deferred until further review of budget and funds, particularly, with concerns for security costs. The current CEA expires at the end of the summer. Mr. Wolf stated that rather than waiting for the expiration, he wanted to start preparation for the terms and conditions. The current agreement and the extension assume the

IDB will be paying those costs. Ms. Martin advised that the current Six Flags operations account has an approximate balance of \$165,000. There is not enough to cover costs for an additional year. However, there are pending projects that could generate additional funds under a longer-term agreement. Nothing has been signed to date. The Board should expect to continue to pay as long as Six Flags has funds. Mr. Green reiterated his request to defer and if voted on today, only through the calendar year 2020. Mr. Wolf said the current CEA expires September 1. The IDB shall be under no obligation to pay expenses other than from funds generated by use of the Six Flags site. Mr. Green requested an amendment to the current resolution to reflect a termination of December 31, 2020. A second was offered by Mr. Saizan. The amendment to the motion would include both the authority to sign and the December 31, 2020 termination date. The Board President offered the floor for Board comment/discussion. There was none. He then offered the floor for Public comment.

Mrs. Tanya Pope requested clarification and offered an overview that the original CEA was set to expire 7/1/19. At the May meeting, a 2-month extension was granted to the 7/1/19 agreement with an effective 9/1/19 expiration. This CEA was given another extension. The agreement was signed by the Mayor and Mr. Philipson in 2019. She questioned if this is the agreement now being voted on for an extension. Mr. Wolf responded, yes. This is the agreement now being requested for an additional one-year extension. He further advised that he is hoping to start early this year for a signed agreement to expire either December 31, 2020 or for an additional year. The motion for a vote is on the floor.

A vote was had, and the vote was unanimous.

OTHER BUSINESS

Mrs. Good offered a comment and suggestion stating our City is hurting due to the pandemic and asked if the President would consider forming a task force to determine some method of contribution wherein the IDB could help to relieve stress in some area. She stated the IDB has funds available and we should help our City. She believes the IDB should look for a project to provide relief to some industry possibly hospitality and entertainment.

Mr. Thompson responded to this suggestion, advising that Tulane's business school has plugged into a consortium of agencies of the City to offer relief, including NOLABA and other agencies of service. This may be a vehicle for funding opportunities. Mr. Philipson asked that all ideas be submitted to Ms. Martin.

There being no further new business, the floor was open for public comment.

Mr. Logan Brown was recognized who stated he is studying mechanical engineer. He is interested in the redevelopment of Six Flags and wondered if there are any buyers interested in the property or rides. Mr. Wolf added that he was not aware of any prospective buyer. Under the CEA the selling of the site and/or rides is delegated to the Mayor's Office of Economic Development. They are more suited to respond to his inquiry.

There being no further business, it was moved by Mr. Green, with a second by Mrs. Edith Jones to adjourn. The President thanked the Board for its participation and asked everyone to be safe. With a unanimous vote, the meeting was adjourned at 1:46PM.

/s/ Susan P Good

Susan P. Good, Secretary-Treasurer