

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

**JANUARY 13, 2009  
12:30 P.M.  
45th FLOOR – ONE SHELL SQUARE  
ADAMS & REESE, LLP**

**Present:**

W. Raley Alford, III  
Dr. Ronald J. French  
James Paul Johnson  
C. David Thompson

Farrell J. Chatelain, Jr.  
Susan P. Good  
John Koch  
Darrel J. Saizan, Jr.

Walter C. Flower III  
Glenda Jones Harris  
Helen LeBourgeois

**Absent:**

Ernest P. Legier, Jr.

Tyrone Wilson

**Also Present:**

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

**Guests:**

Mike Spears, M&M Demolition/Construction  
John McKnight, Gertown Enterprise  
Stephen Stuart, Bureau of Governmental Research  
Damon Burns, Morgan Keegan  
Eric Granderson, Office of Councilmember Arnie Fielkow  
Denis Milliner, Bank of New York  
Scott T. Zander, Jones Walker  
Kate Moran, Times Picayune  
Creig Brown, Metro Source

The meeting was called to order at 12:40 by Walter C. Flower, III, Vice President. An introduction of all guests was had. A roll call of the board was conducted and a quorum was confirmed. A motion to accept the December minutes was made by W. Raley Alford, III and seconded by John Koch. The vote to accept the minutes passed without objection.

## **ORDER OF BUSINESS:**

### **TIMES-PICAYUNE ARTICLE**

Mr. Flower opened the meeting for discussion on the January 6, 2009 Times-Picayune article, "Going Nowhere" authored by Robert Travis Scott. He stated that a response to the editor was necessary as there were inaccuracies and misperceptions in the article which needed to be addressed; in particular, the Antoine's funding statement which was completely erroneous as well as the information on the GO Zone bond funding pool. He advised that this is the IDB's opportunity to set the record straight, letting the public know the impact the IDB has had on the economic development of the City over the past three years. He further advised that he has been in communication with bond counsel on this matter and it is a consensus that the matter be addressed immediately no later than the end of the week. Once the response is written, a copy will be sent to all board members for their review and input. After a vote, it was unanimously accepted that the letter would be sent to the Times-Picayune editor by the end of the week.

### **REVIEW AND APPROVAL OF AUDIT ENGAGEMENT LETTER**

The engagement letter from Bruno & Tervalon, the IDB's auditor for the past five years, was presented to each board member for review and acceptance. Mrs. Good advised that the cost for the service has been increased. Ms. Martin interjected that the increase, according to the auditors, is a result of additional work now required in accordance with U. S. generally accepted accounting principles. Mrs. Good asked why the IDB has not put out a RFP for these services to ensure that the cost and services were competitive. Mr. Cornelius advised that professional services do not require a RFP and that from a practical side, there is a cost to put a RFP together, further advising, however, that bids could be taken. Mrs. LeBourgeois suggested the matter could be put out to bid every three years. After all discussions, the Board voted unanimously to accept the engagement letter of Bruno & Tervalon to conduct the 2008 audit.

### **ELECTIONS**

Pursuant to IDB Articles of Incorporation and By Laws, elections were held:

Election of President: Mr. Walter C Flower was the only nominee. By unanimous vote of the Board, Mr. Flower was elected President, effective immediately.

Election of Vice President: Mrs. Glenda Jones-Harris was the only nominee. By unanimous vote of the Board, Mrs. Jones-Harris was elected Vice President, effective immediately.

Election of Secretary-Treasurer: Mrs. Susan P. Good was the only nominee. By unanimous vote of the board, Mrs. Good was re-elected as Secretary-Treasurer.

Each elected official stated they would serve to the best of their ability. Mrs. Jones-Harris stated she would like the IDB to commit to getting locals involved in the projects as part of the economic development process by having the developer hold seminars, etc. Mr. Cornelius reminded the board that such a process was in place for the McFrugal/Pic N Save project.

Mr. Cornelius did advise the Board that it could elect more than one Vice President pursuant to the By-Laws and Articles of Incorporation.

### **FINANCIAL DISCLOSURE LAW**

Each board member was provided a copy of a reply letter/email addressed to Mr. Cornelius from Ms. Courtney Jackson of the La. State Board of Ethics. The bottom line, Mr. Cornelius stated, is a member can recuse himself/herself if he/she believes a conflict exists. The requirement now is the board member should inform the board why he/she cannot participate and then leave the room.

Mr. Chatelain asked if a board member could rely on the legal advice of Adams & Reese in questions of ethics; asking further if still found guilty of an infraction, would Adams & Reese represent and pay any fines. After much discussion and comments, Mr. Cornelius advised that advice to a Board member by Adams and Reese is provided as a community service to the Board. He added that Adams & Reese would be willing to assist in preparing letters to the Ethics Board on any question(s) a board member may have but stated [emphatically] guaranteeing payment of any fines imposed by the Commission would not be their responsibility. He added that if he gave advice/opinion and a member was still fined, he would go before the Ethics Board with them. Mr. Alford added that Board insurance was being sought at this time and he would get an answer and a quote on the issue.

### **BUDGET**

Mrs. Good presented the draft of the budget reiterating that certain other costs have not been included, i.e., insurance, increase in rent and board development

Mr. Flower asked if the fees for monitoring projects were included in the budget or was the fee based on the IDB fee structure. He suggested that a time be allocated to fully discuss the funding of the monitoring adding that discussions on this issue could take several meetings to come up with guidelines. Mrs. Good reminded the board that funds to cover the production of a cost/benefit analysis is borne by the developer as a pass on.

Mr. Cornelius then reminded the board that the Six Flags check which the Board received as owner of the property was the grant of a servitude to Air Products was a one-time happening and stated that it [the Board] should not consider absolute retention of the amount although the City Attorney's Office did state that it belonged to the IDB. The City could come back to the IDB in the future on this issue. Mr. Cornelius then stated that there was communication but that the board could use the funds in the best interest of economic development. Someone suggested that it could go back to the City in projects.

A motion was then requested to accept the 2009. By motion of Mr. Alford, seconded by Ms. Jones-Harris, the 2009 budget was accepted. The vote passed unanimously.

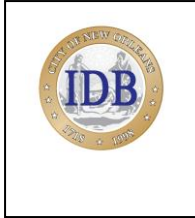
### **ADMINISTRATOR'S REPORT**

Ms. Martin, as the office Administrator, reviewed her report orally, advising that a copy was included in each board member's folder. She advised that the monthly report had been revamped per request of Mrs. Good. A question was raised as to the status of the Home Depot project. Ms. Martin advised that two letters have been sent requesting update but no response has been received to date. Mr. Cornelius stated that the project is obviously completed; it was a taxable deal and added that the matter is obviously closed without the assistance of the IDB.

The meeting adjourned at 2:30 PM.

---

Susan P. Good, Secretary Treasurer



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

**MARCH 17, 2009**

**12:30 P.M.**

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

**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  
C. David Thompson

**Absent:**

Ronald G. Baptiste, Jr.  
Tyrone Wilson

Farrell J. Chatelain, Jr.

James Paul Johnson

**Also Present:**

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

**Guests:**

Landon Greene, Smart Buy Kitchens  
Larry Willis, 4000 St. Claude, LLC  
Larry Willis, Jr., 4000 St. Claude, LLC  
Milt Pratt, Jr., Michaels Development/New Savoy Phase II  
Stephen Stuart, Bureau of Governmental Research  
Jack Jensen, TCI Trucking/Edwards Avenue Partnership  
Margaret Diaz-Fugetta, TCI Trucking/Edwards Avenue Partnership  
Mack Calvin, JOCDC  
Denis Milliner, Bank of New York/Mellon  
Austin Marks, GNO, Inc.  
Wayne Neveu, Foley & Judell  
Damon Burns, Morgan Keegan  
Eric Granderson, Office of Councilman Arnie Fielkow  
Karl Kehoe, Real Estate Tax Credit  
Ryan Carley, JCH Development

Terri Franklin, Regions Bank  
Kate Moran, Times Picayune

Don Allison, Advantous  
David DaJon, DaJon's Construction  
Keith Smith, Uptown Builders  
Morris Kahn

The meeting was called to order by the President, Walter C. Flower, III, at 12:41PM. The President introduced to the Board the IDB's newest member, Mr. Allison B. Randolph, III, appointed by Councilmember Cynthia Hedge-Morrell. An introduction of all guests was had. A roll call of the board was conducted and a quorum was confirmed. A motion to accept the February minutes was made by Dr. Ronald French and seconded by Ms. Glenda Jones-Harris. The vote to accept the minutes was unanimous.

## **ORDER OF BUSINESS:**

### **4000 ST. CLAUDE, LLC**

Mr. Flower opened the meeting, requesting a presentation of the application submitted by 4000 St. Claude, LLC. Mr. Larry Willis, Sr., applicant representative, was acknowledged. He advised that the project seeks \$995,000 in GO Zone bonds, with no PILOT request, for the development of an L-shaped retail strip mall in the 9<sup>th</sup> Ward, the location of the former New Orleans Municipal Credit Union, as there is a need for retail in the area for small businesses. He advised, pursuant to a question from Mrs. Helen LeBourgeois, that no tenant has signed a lease yet but that a bakery, at this time, has been identified. Other small businesses considered as possible prospects include a beauty supply outlet, barber shop, and a nail shop, etc. He informed the Board that he has been before the Historic District Landmark Commission (HDLC) and they found no problem with the project but requested that he contact the neighborhood association and get support from it (By Water Neighborhood Assn.). He advised that that By Water Neighborhood Association turned down two previous requests for business development at the 4000 St. Claude location which included General Dollar and Pop-Eyes. With regards to traffic, in answer to question by Ms. Jones-Harris, Mr. Willis advised that the reason for the L-shaped facility was to accommodate parking needs and neighborhood concerns for potential traffic congestion. All entrance to the mall will be from St. Claude Street. Mrs. Jones-Harris then informed the board that she was aware that the By-Water Neighborhood Association had a strategic plan for the area and that all factors should be considered. Mr. Koch interjected that inasmuch as preliminary approval is not binding and does provide the developer with the time to handle matters that could bring the application to a request for final approval he thought the Board should move forward with a vote to consider preliminary approval. Ms. Jones-Harris asked that the developer to provide the IDB with an update on the position of the By-Water Neighborhood Association as a condition for preliminary approval.

After all discussions had, Mr. Flower asked for a motion to grant preliminary approval to the 4000 St. Claude, LLC with the stipulation they obtain support from the By-Water Neighborhood Association and present same to the IDB prior to its request for final approval. By motion of Ms. Jones-Harris, and seconded Mrs. Good, a vote was taken and the grant for preliminary approval with the noted condition that the developer provide the IDB with a letter of support by the By-Water Neighborhood Association. Same passed unanimously.

## NEW SAVOY PHASE II, LLC

Mr. Milton Pratt, Sr., Vice President of Michaels Development and applicant representative, presented this application. He advised that New Savoy Phase II is seeking preliminary approval for \$3.25M in bonding capacity on Phase II of the New Savoy project that includes the construction of 160 units of affordable housing broken down as follows: 107 public housing/28 Section 8 and 25 Tax Credit units. The site is one on which construction was started before Hurricane Katrina but was totally destroyed by Hurricane Katrina. The bonds for that [the first construction] issue were redeemed and the matter was closed in 2007. New Savoy Phase II is a \$30M development and is a redevelopment of the project that was under construction just before Hurricane Katrina. He further advised that New Savoy Phase II has already been awarded low-income housing Gulf Opportunity Zone tax credits worth \$2.9 million which will be used to create \$22 million in equity; and that there are plans to finance the project with a construction loan of \$17.2 million and loan from HANO for \$4.3 million.

Mr. Koch asked about the anticipated occupancy and a comparison of this project to the C. J. Peete. Mr. Pratt advised there is no problem with occupancy as there is currently a waiting list of some 800 families.

With regard to the PILOT, he advised that the New Savoy Phase II is requesting a 30-year PILOT to be split over time as follows: The first 15 years is for a 100% tax abatement (\$-0- in taxes). The second 15 years would be full ad valorem taxes on the non-public housing units based, however, on rent restrictions per unit. (Per Exhibit I, 26-28, of the application it is stipulated: “In order to calculate the first year that taxes will be paid (year 16) the \$560/non-public housing unit would increased each year for 15 years, with the result in year 16 being the first full ad valorem taxes to be paid. This exact same structure and calculation was used for New Savoy I. The result is that by year 16 (anticipated to be year 2026) the first year of full ad valorem taxes on non-public housing units will be \$45,336.) The property is currently tax exempt as HANO owns the land.

A concern was then raised about the support services in the area, as there are no medical services, early education service, no schools with an emphasis on the fact that with a PILOT this could create a future burden. Mr. Pratt stated he is aware of the lack of services at this time but that with the development of these units infrastructure is being created by New Savoy adding that with this development, others developers and homeowners are now moving in to re-establish the area. It was mentioned that Dillard University was contemplating the development of a facility for medical care and a library in the area. Mr. Koch expressed his concern and general

unwillingness to grant a PILOT. He stated that it is possible that the development could generate more income than expected and that if such did happen, he [Mr. Koch] would expect that the City would share in the surplus by the developer by increasing PILOT payments. He stated also that matters should be figured out for a way for projects to pay its way. Mr. Pratt advised that although it is possible for the development to generate more revenue than expected is it unlikely in light of the rent restrictions on the units and he stated further that he [Mr. Pratt] understood the concerns. Mrs. LeBourgeois asked about the policy of vetting and the handling tenants as relates to criminal activity in the area. Mr. Pratt advised that the same standard used now for vetting will be used and that New Savoy. He also addressed Mrs. Jones-Harris’ question concerning

activities for youth, stating that it is in the interest of the New Savoy to provide such services as summer camps, etc.

Mr. Pratt was also asked about local participation in the construction of the development. He advised that Parkcrest was the general contractor for this project. Parkcrest (which also handled the first phase of the New Savoy) is out of Houston; the designer is out of Silver Spring. He stated they have been looking for locals. Mrs. Good then asked that Mr. Pratt provide the board with the names of local sub-contractors involved in the construction and the amounts paid to them. Mr. Pratt advised that such a report would be made available.

After all questions and concerns were addressed, Mr. Flower asked Mr. Cornelius for comment. Mr. Cornelius stated that he saw no reason to withhold preliminary approval. Mr. Flower requested a motion for grant of preliminary approval. By motion of Dr. French, seconded by Ms. Glenda Jones-Harris, a vote was taken wherein the grant for preliminary approval passed unanimously.

Mr. Pratt was advised by Mr. Flower that the HANO projects guidelines were established concerning the use of locals, (Orleans Parish residents and businesses), for employment and as well as contracting and sub-contracting. Mr. Pratt responded stating New Savoy Phase II was prepared to accept and to implement those procedures and guidelines.

## **FINANCIALS**

Mrs. Good presented the January financials for board review. (see Financials)

## **ADMINISTRATOR'S REPORT**

Ms. Martin presented the Feb.-March report (see Administrator's Report)

## **INSURANCE**

Mr. Alford informed the board of the difficulties thus far in obtaining B&O insurance, advising that the insurer was not sure of the relationship between the Board and the City. It is obvious that the insurer is looking at the IDB as a political subdivision which seem to be creating a problem for IDB in obtaining insurance. The City, in answer to a board query, is self-insured. The Board was informed by Mr. Alford of a State statute, however, that provides good faith coverage of board and commissioners. Mr. Cornelius advised that this is true but that it does not cover fraud or misconduct. The statute is pretty broad; he stated further that he would be attending the La. Industrial Development Executives Assn. (LIDEA) conference in April and would inquire as to board insurance coverage obtained by other IDBs.

At this point of the meeting, Mr. Flower advised the guest attendees that the IDB Board would be going into a committee meeting to discuss IDB issues. There will be no input from the general public at this time and he asked for no interruptions. Mr. Cornelius added that there would be no actions taken by the board during this committee meeting only board discussions and if there were any problems with this, he asked that comments be made now.

Moving the matter forward, Mr. Cornelius informed the Board that LIDEA (La. Industrial Development Executive Association) was made up of industrial development board executives



around the State. He then recognized Don Allison who serves on the Board of LIDEA. Mr. Allison informed the Board that N. O. does not have strong representation in LIDA adding that he thought it would be a great idea for IDBCNO to send attendees to the upcoming conference; the registration cost is minimal \$165 for non members and \$110 for members; the conference would be held April 1 and 2 in Lafayette, LA. Inquiries by the board included whether or not there was a fee structure established if more than one member joined. Mr. Allison advised membership was per individually based. He then provided an overview of the conference agenda. Mr. Flower then asked if anyone was interested in attending. Ms. Jones-Harris and Dr. French agreed to attend. It was agreed that the IDB would pay for membership, and/or member registration, travel and lodging. Appropriate expenses would be covered.

## **MONITORING AND MARKETING/ADVERTISING**

Mr. Flower provided the Board members with background on what the Board has been considering in the area of marketing and advertising noting that at one point a UNO professor offered grad students who could participate in setting up the monitoring process; the other, that a software company would be solicited to help set up the monitoring program. The work handled by these two groups would be done at no charge to the IDB. Also discussed was the hiring of a team or one person, an outside consultant, who would start monitoring beginning with the review of the application when first received.

Issues raised and discussed include:

1. When should monitoring start? Proposal: At the time the application is received through the end of the PILOT and thereafter until the maturity of the PILOT to insure clawbacks were adhered to;
2. Type of reporting mechanism and items to be reported on including: security, property management, use of locals, how claw-backs should be included in the agreement. Mr. Cornelius informed the Board that the basis of power comes in the contractual arrangements in cases of the PILOT; the Board has the power to negotiate the PILOT; some federal laws, however, restrict the contractors; stating further that there could be an exchange of value and that they (Adams and Reese as bond counsel) take the position that the IDB can contract and hold the developer responsible.
3. Immediate need: Updating annual report on-line. Discussed as a marketing and advertising tool is the constant update of the IDB website. Discussions were held on the proposal submitted by GNO Communications, (the IDB website manager), which proposal included the cost of CD's as a form of distribution of the IDB annual report rather than a hard copy.

Mrs. Good asked that consideration be given to the IDB teaming up with other City agencies that are doing the same or similar type business as the IDB, e.g., can the IDB piggyback with the City's Economic Development Department on public relations?

Mr. Gethers of the City's Office of Recovery Development Administration, interjected that the City is putting together a website geared toward economic development marketing and believes the City would be happy to tie-in with the IDB. He will get the information to the IDB. Other links the IDB could get listed with

included, as suggestions, N. O. Hispanic Chamber of Commerce, GNO, Inc., JEDCO, N. O. Chamber of Commerce.

4. It was also discussed that the IDB should add to its website minutes of meetings, a monitoring system for the number of hits on the website, update of the annual report, file status updates, adding to the IDB website other website links. Mr. Mark Austin indicated that the GNO, Inc. would be happy to work with the IDB in its business development campaign as they do a lot of marketing in the 10-parish region and nationally. He commented that regions working together would be a great step forward, cutting borders.
- 5.
6. Dr. French commented that as part of the public relations effort, the IDB could develop a speakers' bureau.

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.**

**MAY 19, 2009**

**12:30 P.M.**

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

**Present:**

W. Raley Alford, III.  
Dr. Ronald J. French  
C. David Thompson

Farrell J. Chatelain, Jr.  
Glenda Jones Harris  
Tyrone A. Wilson

Walter C. Flower III  
Helen LeBourgeois

**Absent:**

Ronald G. Baptiste, Jr.  
John Koch

Susan P. Good  
Darrel Saizan, Jr.

James Paul Johnson

**Also Present:**

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

**Guests:**

Stanley McDaniel, The McDaniel Group  
Steven Hattier, Morgan Keegan  
Wayne Neveu, Foley & Judell  
Holly Barham, Foley & Judell  
Terri Franklin, Regions Bank  
Amber Seely, Renaissance Neighborhood Development Corp.  
Creig Brown, Metro Source  
Richard Briscoe, Kenall  
Stephen Stuart, Bureau of Governmental Research  
Janet Howard, Bureau of Governmental Research  
Murray Nelson, Office Congressman Cao  
Kate Moran, Times Picayune  
Tom Crumley, Woodward Interest  
Debra Joseph, Gentilly Sugar Hill Neighborhood Assn.  
Mark W. Wilson, OPCMIA

The Board meeting was opened by the President, Mr. Walter C. Flower III, at 12:37 PM. By motion of C. David Thompson, seconded by Dr. Ronald French, and vote of the board, the minutes of the March, 2009 board meeting was unanimously approved.

Mr. Flower advised of an agenda change. The first matter to be heard was Crescent Crown Distributing.

## **CRESCENT CROWN DISTRIBUTING**

Attorney Holly Barham of Foley & Judell, presented this matter to the Board, advising that the developer seeks to have approved by the IDB an Amendment to Multiple Indebtedness Mortgage among Crescent Crown Distributing, LLC, Capital One, National Association, and the IDB which would allow interest rate protection on the debt, further allowing the mortgage to acquire a fixed interest rate. The Amendment as reflected in the Resolution (see attached) will hold the IDB harmless. She further advised that since the issuance of the original bonds, transfers of ownership have taken place as follows: from Crescent Crown Distributing to Ding Corporation to Ding, LLC. Copies of those documents will be sent to the IDB for its record.

After all discussions, Mr. Flower requested a motion to approve the Amendment to Multiple Indebtedness Mortgage among Crescent Crown Distributing, LLC, Capital One, national Association and the IDB for interest rate protection. Same was offered by Mrs. Helen LeBourgeois and seconded by Ms. Glenda Jones-Harris. The vote passed unanimously.

## **CHATEAU CARRE, LLC**

Ms. Amber Seely of Renaissance Neighborhood Development Corporation (RNDC), the developer, presented this matter. She provided an overview, advising the project has 150 units of 1 and 2 bedrooms; 40% of the units have been set aside for area median income and below and 60% will be market rate; rehabilitation includes façade improvements and community space; students do not qualify for below median income but could for market rate. She stated that the developer has been in touch with Dillard University and the Sugar Hill Neighborhood Association and that Ms. Debra Joseph of Sugar Hill was present. Ms. Seely then introduced Mr. Jim LeBlanc who informed the Board that RNDC is a subsidiary of the Volunteers of America. He stated the Chateau Carre is a positive development for the Gentilly neighborhood and that RNDC is comfortable with the support by Dillard University and the Sugar Hill Neighborhood Association. Mrs. LeBourgeois asked if Councilmember Hedge-Morrell supported the project. To date, per Ms. Seely, the letter of support from councilmember Cynthia Hedge-Morrell has not been received although they have been in touch with her concerning same. They are expecting to get one.

She then advised the Board that the developer now seeks a 15-year PILOT and the PILOT proposal was included in their folder. After discussions, Mr. Flower stated there are concerns regarding the PILOT request inasmuch as most PILOTs issued on housing units were based on the low income. Mr. LeBlanc interjected that there are significant benefits to this project including jobs, both during and after construction, and it is a renovation/rehabilitation of a housing development in a target area.

The question then arose as to the reason for the change in the bond request from \$17.5M to \$3.5M. Ms. Seely responded that the lender has now decided not to use the bonds for construction, adding that the developer has also received \$9M in a block grant from the State. In answer to a question raised by Dr. French, Ms. Seely confirmed that the Chateau Carre is the largest apartment complex in the neighborhood, and further advised that Dillard University has a 2-story apartment complex on Elysian Fields that remains closed and that the Dillard University apartment complex on St. Anthony is now used for its nursing program.

The developer was also questioned regarding its use of local contractors, suppliers/vendors including DBEs and WBEs. Ms. Seely advised that currently the developer has set aside 15%-

20% of the construction costs for New Orleans businesses to which the subsequent question of why only 15% was raised. Ms. Martin then interjected that a list of local DBEs and WBEs is available and a list of qualified, bonded and licensed, contractors is being developed internally by the IDB copies of which she will provide to the developer. Mr. Flower expressed that he wanted to make it clear that he was not happy with the low allocation. Mr. Chatelain then asked who owned the property. Mr. LeBlanc advised that when first created, the Chateau Carre is an LLC with Victor Smeltz serving as director. They will bring in equity partners soon. This project is the first one of its kind under the supervision of RNDC. He advised that the national organization is developing 200 units on Tulane Avenue for seniors. He continued by stating that the Chateau Carre, LLC is the owner with RNDC serving as managing partner, a limited partnership with Capital One and equity partners.

Mr. Chatelain then asked if the PILOT is necessary to the survival of this project, and added that as a developer, you would know if the project could go forward or not as numbers have been crunched. Ms. Seely advised that the PILOT is absolutely necessary especially in light of the daily market change and the change in the housing tax credits. Answering further questions; she stated the average ad valorem taxes for the property has been between \$30K (2008) and \$36K (2009); that taxes after completion of the development would probably be around \$80K per year. Mr. Flower asked if the development was receiving any other incentives from the City. Ms. Seely stated that they are still crunching numbers but that most of the resources for this project are coming from the State.

Mrs. LeBourgeois asked to hear from Ms. Debra Joseph of the Sugar Hill Neighborhood Association concerning what she perceives as the benefits to the community. Ms. Joseph took the floor advising that the Chateau Carre has been in the neighborhood since the 60's; it served the working class; is an asset to the community including Dillard, Southern University and the University of New Orleans; and serves as part of the redevelopment of the community.

Mr. Flower advised that in order to have a PILOT proposal considered, the developer must acquiesce to having a CBA conducted; that the cost of the CBA is borne by the developer as well as the subsequent review by an independent consultant; that getting the CBA done does not guarantee a PILOT will be granted adding that the CBA serves as the basis upon which the Board relies to make its determination as to whether or not the project warrants a PILOT. Ms. Seely stated that she understood. Mr. Flower proceeded to get the approval from the Board to process a CBA. The response was unanimous.

Mr. Wilson interjected that he believes the Board would be hard pressed to freeze taxes on the development at \$30K per year and suggested that maybe the developer would like to reconsider the proposal; considering rather an escalated tax payment especially since 60% of the units were market rate.

## **BUREAU OF GOVERNMENTAL RESEARCH LETTER**

Mr Alford took the lead on this matter, referring to a letter dated March 2009 from Mrs. Janet Howard, Executive Director of the Bureau of Governmental Research, a copy of which is included in each board member's folder. Mr. Alford began by providing a background that a couple of years ago there was a period of increased activity in the day-to-day operations of the IDB; that at that time, there was a Cost/Benefit Analysis Committee; during which time the BGR was critical of the issuance of PILOTs. However, since that time, in his opinion, considerations for the worthiness of PILOTs has been changing, to which he credited Mr. Wilson.

Further, the IDB solicited the BGR support for its assistance in finding the best use practices as it relates to PILOTs and related procedures by peer boards around the country. The BGR agreed to do the research and, in fact, did provide the IDB with documents used by other boards around the country. The current letter expresses the statuses on these programs/incentives, which includes job creations and areas of redevelopment. He added, as a point of reference, that many of the PILOTs issued by the IDB have been in the housing development. The BGR has noted that considerations differ with benchmarks; retention and quality of jobs, i.e. He pointed out that with area development, considerations should include how to create proper benchmarks and monitoring. He then deferred the matter to Ms. Janet Howard,. She advised that she is still ready and willing to assist the IDB in development of policy and procedure to determine the strategy and criteria for projects but now needs instructions from the board on what it wishes to have considered, i.e., instructions on strategic goals of the IDB – job creations, criteria, performance, monitoring. Jobs, she stated, are easier to evaluate.

Mr. Alford said the BGR can also help by showing best practices used in evaluating the CBA; scoring systems, in other words, show how others operate. Ms. Jones-Harris then interjected that the greater issue is Board education and development in these areas. She then informed that she has spoken with one of the industry’s great minds, Mr. Greg LeRoy of Good Jobs First, a national research expert in the area of incentives and subsidies and their uses nationally, and directed the board to a packet she asked to have included in their folders. She stated that the Executive Director, Mr. LeRoy, indicated that he would be glad to come to New Orleans to assist in board development. She was sure, however, that the board would have to bear the costs of getting him here.

Mr. Wilson then thanked Ms. Howard for the tone and spirit of her letter noting that it makes a great improvement in the relationship between the IDB and the BGR. This, he stated, is a new beginning.

Mr. Flower then stated that with the BGR’s understanding of local issues, and Greg LeRoy’s national expertise, he believed board education should continue with specifics on best use practices would be helpful.

Mr. Alford then reminded the board that BGR has limited resources and that his gut instinct is to ask their assistance in the area of redevelopment over the next year; adding that the IDB needs measuring tools to which the BGR could help in devising. Mr. Flower reiterated that jobs, employment during and after construction are key, adding that a tightening of the rules on PILOTs should also be considered. Ms. Howard indicated that the BGR could look at both the jobs aspect criteria and the PILOT and start with the creation of a job template.

### **AUDIT**

Mr. Flower then informed the board a completed audit should be delivered soon, advising that as of this morning, the auditors have agreed to exclude certain language in the management representation letter which, to his understanding, placed a greater burden on the IDB rather than the auditor. This language has now been changed and the IDB should be getting its audit in final form within the next day or so. The audit and the management representation letter will be placed on the agenda for discussion at a later date.

### **FINANCIALS**

Ms. Martin informed the board that a copy of the March and April financials were included in their folders for review.

### **INSURANCE**

Mr. Alford advised the board that great effort has been undertaken by staff under, his advisement, to secure D&O insurance but to no avail as of this date. Again, the IDB has received a declination for Traveler's Insurance. Ms. Martin then added that the agent who sent the Traveler's declination advised only that Traveler's was not interested in doing business in Orleans Parish; and, that according to her discussions with Mr. Alford, the board would rely on the protection offered by the State statute. Ms. Martin was asked to pursue quotes on general liability, theft and workman's comp by the next board meeting.

### **ADMINISTRATOR'S REPORT**

Ms. Martin presented her report, a copy of which is included in each member's folder. She added that efforts are ongoing to attain the marketing and advertising desires of the board, having made contact with Jeff Thomas of Dr. Blakely's office. This collaboration could develop in to a video promoting the GO Zone bonds and the IDB's role as the conduit to same through Dr. Blakely's cable access program. She also advised a follow up was made with Mr. Austin Marks at GNO, Inc. but it was very close to the time of their going to print. Efforts are underway to be included in the next issue. She advised that the PILOT matrix with clawbacks, councilmember name and district, PILOT amount, etc. was begun and a copy included in the folder. Attorney Wolf interjected that he had prepared a PILOT matrix also with claw backs adding that the one prepared by IDB staff had additional noteworthy information. He also noted that most of the claw backs did not require a lot of oversight at this time. Mr. Flower added that such a matrix could prove beneficial in creating the monitoring template. He reminded the Board that Bell Weather Tech offered to create the template pro bono and that he will check to see if they are still willing based on current IDB requirements. Ms. Martin is to check the New Savoy claw backs. Mr. Wolf added that monitoring claw backs at this time is very manageable. He digressed, however, to advise that financing for the Hyatt at this time has not come together.

### **OTHER BUSINESS**

Mr. Wilson apologized to the board for his lack of participation and advised that he has asked Councilman Carter to replace him. He stated that from a "time" view, he cannot make the meetings, adding that he will be at meetings when he can until his replacement has been named.

The meeting adjourned at 2:00 PM.

---

Susan P. Good, Secretary Treasurer

**MINUTES OF THE BOARD MEETING**



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

**JUNE 23, 2009**

**12:30 P.M.**

**701 POYDRAS, 45<sup>TH</sup> FLOOR, OFFICES OF ADAMS AND REESE, LLLP**

**Present:**

Ronald G. Baptiste, Jr.	Farrell J. Chatelain, Jr.	Walter C. Flower III
Susan P. Good	Glenda Jones Harris	James Paul Johnson
John Koch	Helen LeBourgeois	Allison P. Randolph, III
Darrel J. Saizan, Jr.		

**Absent:**

W. Raley Alford, III.	Dr. Ronald J. French	C. David Thompson
Tyrone A. Wilson		

**Also Present:**

Sharon Martin, Administrator, IDB  
David Wolf, Bond Counsel, Adams and Reese  
Joy Matthews, Administrative Assistant, IDB

**Guests:**

Matt Morrin, Enterprise Homes  
Mark W. Wilson, OPCMIA  
Damon Burns, Morgan Keegan  
Steven Hattier, Morgan Keegan  
Cloyd Van Hook, Guarisco & Cordes  
Wayne J. Neveu, Foley & Judell, LLP  
Victor Smeltz, Renaissance Neighborhood Development Corp.  
Jenny Hunter, GNO, Inc.  
Amber Seely, Renaissance Neighborhood Development Corp.  
Stanley McDaniel, McDaniel Group  
LaSwanda Green, Downtown Development District  
Jeannie Tidy, Downtown Development District  
Katherine Smith, KSConsulting  
David Crais, Crais Management Group/City Works

The Board meeting was called to order by the President, Mr. Walter C. Flower III, at 12:44 PM. A quorum was confirmed. There was an introduction of all guests in



attendance after which Mr. Flower requested a motion for approval of the May 19, 2009 minutes. Same was offered by Mrs. Helen LeBourgeois and seconded by Ms. Glenda Jones-Harris. Upon vote, approval of the minutes passed unanimously.

### **HANO'S REQUEST RE APPROVAL OF THE PARTIAL DEFEASANCE IN RE REDEMPTION OF THE FISCHER AND GUSTE 2003 BOND SERIES**

Mr. Wolf began presenting and deferred the explanation of the matter to Mr. Wayne Neveu, bond counsel in the issue. Mr. Neveu advised that in 2003, the IDB board granted final approval for the issuance of bonds in the Fischer, Florida and Guste projects. HANO and HUD have now coordinated to redeem a portion of those bonds still in place with regards to the Fischer and Guste developments, which are to be redeemed by December 1, 2013. Once verified, funds will be deposited in an escrow account to redeem a portion of the bonds. The bonds will be defeased by a deposit with the Trustee. A standard Escrow Agreement will be drafted for signing by the IDB, along with a Notice of Redemption and other pertinent documents.

It was noted that the instrument presented to the Board showing the partial defeasance did not include an amount. According to Mr. Neveu, the blank would remain open until an exact figure can be obtained. Once the exact figure is determined, (approximated at \$9M plus), there will remain a balance on the bonds in an approximate amount of \$4.5M.

By motion of Mrs. Susan Good, seconded by Ms. Jones-Harris, a vote was taken to approve the resolution for Partial Defeasance of the Fischer and Guste 2008 Bond Series. Same passed unanimously.

### **HANO – LAFITTE**

Matt Morrin, with Enterprise Community Partners, requested an opportunity to bring the Board up-to-date on the Lafitte development which received final approval in November 2008 but which has been pending in the wake of the economic situation. He informed the Board that progress had been made towards financing of the project with the hopes of closing some time in July. Mr. Flower reminded Mr. Morrin and Mr. Neveu that all documents must be submitted to the Board in a timely fashion in advance of the next meeting. Mr. Neveu advised that distribution of drafts of the documents were already in circulation including the Sub-Sub Lease as related to the PILOT and the Trust Indenture. Bonds are to be purchased by Capital One-National Association who named Hancock as Trustee. This, however, has not yet been confirmed. Mr. Wolf interjected that these documents would be similar to those issued in the C. J. Peete matter. He then stated that he would like to now address the annual fee issue, stating further that changes to the fee structure are now based on appraisal of the entire project equal to 1/10 of 1% of the "as built" appraisal. He stated that he has been informed that the appraisal, as per the developer, is \$600K; that the developer is seeking approval of a bond issuance in the amount of \$150,000; that bonds are but a small part of the financing, the bulk coming from other sources; that this is an entirely subsidized project because of low-income rental. The developer felt this \$600K appraisal was reasonable and, therefore, the annual

fee would be, based on the formula, \$600 per year as the cap on the income is \$600K per year. Opinions of objections, discussions and explanations of this issue then took place.

Mr. Morrin was then asked for the total project cost to which he responded \$35M. He further advised that Lafitte has public housing and mixed affordable rental units with no market rate rental. Mr. Neveu advised that the Lafitte costs included infrastructure totaling \$7M for the 150

units to be built. Mr. Morrin interjected that Phase I of the development included 134 rental and 59 home ownership structures. They will begin selling these to working class families in the neighborhood of 60%-80% of the average median income which could include firefighters, teachers, hairdressers, etc. He then asked the Board to have the closing for mid-July.

Mrs. LeBourgeois asked if the appraised value approach was the same one used by the assessors. Mr. Neveu advised it was based on capped income for the development. Considering the feeling and tenor of the Board to the appraised value and amount of the proposed annual fee to the IDB, Mr. Flower suggested the matter be tabled, advising that the Board would do its best to meet the July 15, 2009 deadline; that at this time, the Board was not equipped to make a decision.

Mr. Chatelain suggested that at this time, the Board could do a recommended cap on the annual fee issue setting a cap between \$600 - \$15K per.

Mr. Flower requested a motion to set a ceiling on the IDB's annual fee to be set at \$600 - \$15K on the Lafitte development. A motion was offered by Mr. Chatelain and seconded by Mr. Darrel Saizan. The vote passed unanimously.

### **AUDIT**

Mr. Flower then addressed the 2008 audit, advising that the management representation letter requested by the audit was onerous on the IDB and that after on-going discussions between bond counsel and the auditor changes were made to the letter. He further stated that he would like to put the audit out for bid next year as he thought the \$7500 plus cost was pretty significant. Discussions of issuing an RFP were had and it was decided that same would be worked on. Mr. Flower advised that the \$500 increase in services rendered by the auditor between the date of the initial closing and the date of the actual issuance/delivery of the audit puts the auditing fees over the budget. The IDB received a clean audit for 2008.

After review of the audit, a motion to approve the 2008 audit was offered by Mrs. Good and seconded by Mr. John Koch. The vote passed unanimously.

A motion was then offered by Mrs. Good and seconded by Mr. Baptiste for issuance of a RFP for auditing and accounting services with a three-year term. Same passed unanimously.

Discussions were then had regarding the \$112,584 issued to the IDB for the servitude at the Six Flags site. The Board decided to have this amount deposited in an account which

will have no activity, thus keeping the monies totally separate from other IDB funds. This will be done to safeguard these funds until a final decision is rendered by the City as to the ownership of the funds. Ms. Martin will check on our three current bank accounts and report same to Mr. Flower for final determination and placement of the funds.

### **OLD BUSINESS**

Mr. Flower advised that Adams and Reese will create a template for the purpose of monitoring IDB files with claw backs. The person handling the monitoring will contact the developer, informing the board of deficiencies. This could be completed by the next board meeting.

### **COST/BENEFIT ANALYSIS REQUEST FOR PROPOSAL**

Currently, Mr. Flower explained, the Chateau Carre Apartments, LLC is the only current application which requires a cost/benefit analysis. As was agreed at the May 19, 2009 board

meeting, the IDB will be responsible for determining the economist; the developer will be required to transfer the cost of the CBA to the IDB and an agreement will be signed between the IDB and the economist, with the approval of the developer. Therefore, pursuant to the Board's request, an RFP was sent out on which two entities have responded. The first was TMG Consulting (The Mumphrey Group) for \$15K to the Chateau Carre; and, the other was submitted by Toni Weiss, a professor at Tulane University and who has worked for Metro Source in the past as an independent contractor, for \$7.5K. This, Mr. Flower stated, was the first time there is a marked difference in cost for a CBA.

It was then discussed whether the IDB would need a review of each project as conducted by the McDaniel Group. Mr. Flower informed the Board that the Chateau Carre matter has been delayed and needs to be expedited as soon as possible.

Mr. Koch interjected that each analysis could possibly have an Executive Summary which would include: cash flows, etc. separating third party issues. Ms. Jones-Harris informed the Board that Mr. McDaniel was brought on because the CBA Review Committee was unable to meet consistently and the Committee felt it was not qualified to review the CBA with a real estate and finance focus to determine if a PILOT was appropriate. Thus, at that time, it was suggested, by Mr. Tyrone Wilson, that the CBA Review Committee be suspended and an independent consultant hired to review the analysis. Mr. Flower recommended that Mr. McDaniel do the review on the Chateau Carre as the process currently stands. Mr. Flower suggested that the Board consider a cap on the cost for CBAs and that an Executive Summary be included in the CBA. He then asked Mr. Wolf if this was appropriate from a legal standpoint. Mr. Wolf advised that the IDB could request a proposal with a suggested a cap.

Mr. McDaniel asked to be recognized. He informed the board that CBAs cover only the costs and benefits to the City and not the review of cash flows, real estate studies, market studies, property transactions (which most IDB projects include), adding further that he reviews the "but for" in each case which the CBA does not consider. Mrs. Good then

asked why the chosen economist couldn't do this; that the IDB could broaden its requirements including an executive summary.

Mr. Victor Smeltz, Executive Director of the Renaissance Neighborhood Development Corporation, developer of the Chateau Carre, asked to be recognized. He stated that he is all for streamlining but felt a need to give the Board an update on the project and a request to expedite. As an update, Capital One agreed to purchase the bonds; the State has issued its grant to RNDC; and building permits have been obtained. The project, however, has been delayed several weeks pending the Board's decision to hire an economist to produce the CBA. He further stated that the LHFA has imposed a hard closing date of July 3, 2009. Mr. Flower advised that the IDB will see what it can do to have the CBA expedited.

A motion was then offered by Mr. Chatelain and seconded by Ms. Jones-Harris 1) naming Toni Weiss as the economist to do the CBA in the Chateau Carre Apartments, LLC matter and 2) naming The McDaniel Group as the independent consultant to review and present the CBA in the Chateau Carre matter to the Board. The vote passed unanimously. It was added that Ms. Weiss should be made aware that the CBA was needed in two weeks.

## **FINANCIALS**

Mrs. Good then presented the financials and introduced the Board to the accountant, Katherine Smith.

## **INSURANCE**

Tabled

## **ADMINISTRATOR'S REPORT**

In the interest of time, Ms. Martin asked the Board to review her reports.

## **OTHER BUSINESS**

Mr. Flower then presented a request by Ms. Jones-Harris for approval of expenses not to exceed \$1,000 to attend the National Conference of State Legislatures being held in Philadelphia in mid-July. He informed the board that she attended last year and will be required to return to the Board all appropriate documents for expenses.

The President asked for a motion to grant approval of Ms. Jones-Harris attending the NCSL in mid-July with a cap of \$1,000 in expenses. Mrs. Good offered the motion and same was seconded by Mr. James Johnson. Upon vote, the approval was unanimous.

The meeting adjourned at 2:30 PM.

---

Susan P. Good, Secretary Treasurer



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

**JULY 21, 2009**

**12:30 P.M.**

**1340 POYDRAS, AMOCO BUILDING, 21<sup>ST</sup> FLOOR CONFERENCE ROOM**

**Present:**

W. Raley Alford, III  
Dr. Ronald J. French  
John Koch

Ronald G. Baptiste, Jr.  
Susan P. Good  
Darrel J. Saizan, Jr

Walter C. Flower III  
James Paul Johnson  
C. David Thompson

**Absent:**

Farrell J. Chatelain, Jr.  
Allison P. Randolph, III

Glenda Jones Harris  
Tyrone A. Wilson

Helen LeBourgeois

**Also Present:**

Sharon Martin, Administrator, IDB  
O. Ray Cornelius, Bond Counsel

**Guests:**

Phillip L. Reed, M. D., Rampart-Ursulines, LLC  
Murray Nelson, Office of Congressman Cao  
David E. Berger, Renaissance Neighborhood Dev. Co.  
Byron Poydras, Bank of New York-Mellon  
Jack Northrop, Metro Source  
Gionne Jourdan, Michaels Development Corp.  
Toni Weiss  
Aron Weisner, Enterprise Community Investments  
Creig Brown, Metro Source  
Wayne E. Woods, HANO  
Matt Morrin, Enterprise Community Investments  
Amber Seely, Renaissance Neighborhood Dev. Corp.  
Holly Barham, Foley & Judell  
Chris Kumpf, Sutterfield & Webb  
Mark W. Wilson, OPCMIA  
Michelle Whetten, Enterprise Community Investments  
Lary Hesdorffer, Vieux Carre Commission  
Steven Hattier, SJH, LLC  
Tim Johnson  
Elias Castellanos, HANO  
Bill Langkopp, Greater N. O. Hotel & Lodging Assn.  
Tom Wulff, Woodward Design-Building  
Jarrett Omani, PLR Investments, LLC & Rampart-Ursulines, LLC  
William Callihan, Capital One  
Philip Dorsey, Dorsey & Co.,

Victor Smeltz, Renaissance Neighborhood Dev. Corp.  
Scott T. Zander, Jones, Walker  
Christopher M. Wuppel, Jones, Walker  
Beth Zeigler, Hancock Bank  
Tom Crumley, Woodward Interests  
Brenda Richard-Montgomery, Providence Community Housing  
Andreanecia M. Morris, Providence community Housing  
Kirk Lee, Cement Masons, Local 567  
Damon Burns, Morgan Keegan & Co.  
Ernest Gether, City of N. O., Economic Development  
Stanley McDaniel, The McDaniel Group

Prior to the opening of the meeting, the President, Walter C. Flower, III, requested an introduction of all guests until a quorum was confirmed. At 12:38 PM the President called the meeting to order. The Board roll was read and a quorum was confirmed. A motion for approval of the June 23, 2009 minutes was offered by Mr. C. David Thompson and seconded by Mr. Ronald Baptiste. Upon vote, approval of the minutes passed unanimously.

### **RAMPART-URSULINES, LLC**

Mr. Flower opened the floor to a representative of Rampart-Ursulines, LLC. Dr. Philip Reed took the floor providing an overview of the project, advising that it seeks a principal amount of bonds not exceeding **\$18,440,000**, for the acquisition of 1100-04, 1106-08, and 1110 N. Rampart Street and 1031 (1143) Ursulines Street; that it plans to merge these properties with the use of an existing hotel license to create 100 units of preferred suites with a restaurant and parking facilities all a part of the “Preferred Suites” network; the project is located in the French Quarter. Mr. Flower asked if contact was made with the Vieux Carre Commission. Dr. Reed responded that he is the current owner of the properties and that he has not yet made contact with the Vieux Carre Commission (“VCC”).

Mr. Lary Hersdorffer asked to be recognized. He advised that he is the director of the VCC and that his last review of Dr. Reed’s plans showed it to be residential; that years have passed and the property has since been re-divided and subdivided; that as far as he recalls, the plans did not include Rampart Street. He further stated that zoning for the area prohibits hotels or the expansion of hotels; that a moratorium was placed on hotels in the Quarter in the late 60’s and it put a halt on creation or expansion of hotels. It is his understanding that this is a new proposal but it may not be permitted if the residents are not full-time residents; the VCC is concerned with preservation in the French Quarter.

Dr. Reed added that the Rampart property is inclusive and the planned use of these properties is to use an existing hotel license; the developer will bring this matter before the VCC for consideration; they are not creating a new hotel but will provide housing from 30 – 60 days to its clients.

Mr. Flower then asked Mr. Ray Cornelius, bond counsel, for his input as to the VCC zoning issue. Mr. Thompson noted that if there is a problem with zoning, it would be a problem getting final approval, adding that the grant of preliminary approval, however, gives the developer time to work out these issues. Mr. Cornelius confirmed this explanation.

Dr. Reed further advised that he currently owns the buildings but the properties will be transferred into the new corporation's ownership. Mr. Flower reiterated that conditions under which preliminary approval would be granted and re-emphasized that final approval can not be granted until all conditions have been satisfied by the City and the VCC.

Mr. Cornelius then asked Dr. Reed if the \$18.44M was sufficient to satisfy the budget of this project in an effort to avoid having to come back before the board to make an amended request. Dr. Reed responded that he believes the amount is sufficient according to the contractor.

The President called for a motion for the granting of preliminary approval. Additional questions arose including one for clarification of the cost of the license in the amount of \$6.5M. Dr. Reed advised that the LLC would pay for the use of the existing license that is now under the name of an individual who is no longer a part of the project. Mr. Cornelius then stated that as bond counsel, he would have to go through federal regulations to see if bonds can be used for each purpose stated in the application.

Mr. Flower again asked for a motion for the granting of preliminary approval in the amount of \$18.44M. Same was offered by Mr. John Koch and second by Mr. Baptiste. The vote passed unanimously.

## **NEW SAVOY PHASE II**

The President offered the floor to Mr. Stanley McDaniel of the McDaniel Group for the purpose of presenting his review of the cost/benefit analysis ("CBA"). Mr. McDaniel deferred the overview to the Michaels Development Company representative, Mrs. Gionne Jourdan. In her overview, she explained the plans for Phase II call for the construction of 160 units which will bring the total number of The New Savoy Phase I and Phase II units to 318. Phase II will also include an office, day care center and homeownership. Mr. McDaniel then advised that Mr. Jack Northrop, the Metro Source economist, was in attendance to answer any questions as relates to the cost/benefit analysis.

Mr. McDaniel began by stating the CBA lists a total project cost of Phase II at \$30.7M; that his review looks at the investment in New Orleans and analyzes the benefits and costs to the City and the foregone taxes associated with the project; that the project's PILOT is approximately \$3M over a 15 year period; that the benefit to the City is \$8.4M an improvement of about 2.78 to 1, adding in employment and earnings taxes. The developer, he stated, is requesting a 15-year PILOT and that "but for" the PILOT, there would be an operating gap which would make the project unfeasible and would not generate a cash flow sufficient to handle the debt. In other words, this project would not support the debt if it were not for the PILOT. He reminded the board that there is a non-public component to this project; that the project would be difficult but not impossible without the PILOT; the developer is asking for the same PILOT granted by the Board in Phase I (15 years on public and 15 Years on non-public). He reminded the Board that, as in previous cases, public housing must break even as it requires subsidies; that the tax credit under Section 8 is also subsidized and not able to support the debt.

The question of whether there is a market for more housing was raised. The Board was advised by Mrs. Jourdan that there is currently a waiting list of over 500 for Phase I and Phase II.

Mr. Alford asked about proposed claw backs. Mr. McDaniel reminded the board that Phase I of the New Savoy **did not** have claw backs; he suggested that in light of this and considering the need for the PILOT, that claw backs similar to those set in the HANO “Big 4” projects be used.

Other issues were raised, i.e., expenses and “re-imbursables”; lack of impact fee; and costs of security for the development. It was reiterated that rent restrictions on this type of project are set by the IRS.

Mr. Flower then asked about the commitment to be expected from the developer as relates to the use of local businesses and employment of locals. Mrs. Jourdan advised that Michaels fully understands the need that a 30% allocation of the budget is to be spent locally with contactors, vendors, etc. and the hiring of locals. While 30% was the target, New Savoy, she stated, has reached 39% for a total of \$1.6M with Orleans Parish businesses. She was then asked the total cost of the New Savoy II project budget. Mr. Flower reminded the Board that it was not pleased with a 30% cap. Mrs. Jourdan also advised that she attended a job fair in connection with this project and had the opportunity to meet with locals even though the project won’t break ground until October or November of this year. Mr. Flower informed the Board that he attended a meeting recently and found the City is backing projects that will employ the youth of the city. He hoped this would be a situation that would help strengthen the employment base, by putting together a match of qualified youth who wish and are willing to work; he hoped this project would work as a catalyst to hire as many youth as possible. Mr. Alford then asked if the developer was aware of the other claw backs listed in the HANO developments and suggested that similar language be included in the claw backs for this project.

Mr. Cornelius informed the developer representative, Mrs. Jourdan, that specific claw back language is usually placed on the table for consideration when seeking final approval; putting in the same language may be difficult as the circumstances are different; he suggested that the Board could grant final approval with the PILOT/claw back language forthcoming and suggested that such approval on the language be granted at the next meeting.

Mr. Wayne Woods and Mr. Elias Costellanos, both representatives of HANO, agreed that some language may be different and that unfortunately 30% is the highest HANO can go. Mr. Flower asked that all parties work together and stated the IDB will cooperate to the extent possible but that reports will be required. When the language comes in, the IDB will be glad to approve if in order. Mr. Cornelius informed the board that the resolution for the granting of final approval was obviously not ready. The President then asked for a motion granting the approval of the CBA; the PILOT request of 30 years for the public housing units and 15 years for the Section 8 and 9% LIHTC after which the non-public housing portion would be assessed at the then market tax rate; that the PILOT language be submitted in advance of the meeting for review by the Board; and finally for the approval of the issuance of bonds in the amount of \$3.25.

The motion was offered by Mr. Darrel Saizan and second by Mrs. Good. Upon vote, the approval passed unanimously.

### **CHATEAU CARRE**

Mr. Flower asked Mr. McDaniel to present his review of the cost/benefit analysis in this matter. He deferred the overview to Mr. Victor Smeltz, Executive Director of Renaissance Neighborhood Development Corporation who advised there is a 15-year PILOT request being made in connection with this project; that market and tax credit units are involved; that an offer has been placed before the board to cover PILOT payments on a 5-year incremental increase and



if able, the developer does not object to paying more; there is a modest investment in the project; outreach has been made to Orleans Parish locals, WBE and DBE subcontractors at 40% of the project cost; the project site is within the target recovery zones; the project would serve as a catalyst for other neighborhood projects in the area; the project is supported by Councilmember Cynthia Hedge-Morrell, Dillard University and Sugar Hill Association; that the PILOT is essential to the project; the developer is investing in green technology to create additional jobs; and that a hard closing date has been issued by the LHFA, July 30, 2009.

He then advised that RNDC has worked hard on this project; that rents are depressed with units at tax credit rates, although current and future rates could increase but as represented this is where the comfort level currently stands.

Mrs. Good asked what would be the proposed annual administrative fee to the IDB. The response was \$5800 per year.

Mr. Flower stated to the Board that one issue to consider is if the PILOT is granted is the PILOT appropriate for the period requested or should a shorter period be considered. Mr. Cornelius then interjected that the Board bases the annual fee now on the appraised value of the project and if based on low taxes would be a low annual fee; that projects will be monitored to see if they are working and may come back before the board to determine ad valorem taxes. Mr. Alford added that the CBA shows the prediction of the tax burden as difficult. Discussions were then held concerning the annual fee. Mrs. Toni Weiss, the economist having performed the CBA stated that she looked at fundamentals to determine the costs and benefits and determined that someone else could, in three (3) years, do market rate apartments or tear down the existing facility to do something else; then estimated what the property taxes would be on each if taken past the PILOT period.

Mr. McDaniel advised that the CBA was clear but is a departure of what is to be viewed and did not find it too credible. As a for instance, he cited that the 15-year window is added back in years 16 thru 30 in taxes and eventually balances out. The problem is that the CBA makes a great assumption; it ignores a lot of principals and a host of analyses with no objectivity. Mr. Alford expressed that he thought the criticism was unfair as the board has worked hard to get to this point in a CBA and the objectivity is a very welcomed part of the CBA; that the “but for” is not a departure. Mr. Flower concurred, adding that the process also reduced the cost to the developer.

Mr. McDaniel continued, advising the Board his professional opinion is based on the cost of the project without assumption; the real estate transaction; it takes in what the “but for” doesn’t cover; in takes in the water fall of cash down through expenses to support the debt. In this instance, he stated, he had trouble with the market rate rents, which was a change from what was presented in the application and the market study; that the 15-year cash flow was also different. It was the opinion of the developer and the lender, however that the market was declining - the absorption rate of rents on apartment units was slowing down raising a flag of caution resulting in their opinion of a market rate decline. In the Chateau Carre project there is all “potential” – there are no rent restrictions as in other apartment unit projects reviewed or approved by the IDB. However, given the pro forma, one would need a PILOT in the amount suggested to service the debt. Based on a sensitivity analysis, it is his opinion that any amount earned over and above that which is projected by the developer should go to taxes and strongly urged the proposal of claw backs in this instance starting at the top not the bottom line; he also suggested that the Board look at the length of the PILOT being requested and adjust it if so desired.

Mrs. Good interposed that in the CBA, the pro forma provides “Expenses” – all expenses (outside property taxes) are \$670K. An explanation was provided by Mr. Smeltz including one which emphasized that there are layers of debt. Mr. Alford stated that Mr. McDaniel’s presentation was well done and helpful. He asked how Mr. McDaniel would recommend assuring the viewing of the developer’s expenses.

Mr. Flower suggested that there be claw backs included that would stipulate that excess revenues generated be captured for the City. Mr. Cornelius reminded the board that the PILOT is a “prime” debt and gets paid first; all other expenses are subordinate.

Mr. Flower asked if the Board was comfortable with the 15-year PILOT request or if the Board desired a shorter period and placed the matter up for discussion.

Discussions were then underway as to the meaning and use of “excess” revenue. It was suggested that if revenue streams are greater than that being proposed, those funds should go towards ad valorem taxes. Mrs. Good stated that all operating expenses were already listed. Examples of what the Board wanted were expressed. Example: The developer indicated \$100K in revenues but realized \$120K; the additional \$20K would be available for an additional PILOT payment; all debt obligations stayed as they are; any additional revenue realized by the developer would go to the City. Mr. Smeltz informed the board that there are other soft debt payments for which surplus cash would be needed and used. In the final analysis, it was determined by the Board that adequate claw back language would be crafted to cover the issue in accordance with the language desired by the Board. It was understood by the board that the bottom line showed that such surplus cash would come from the top – not the bottom - as such surplus can be manipulated if allowed to flow through any subsequent or additional expenses.

Mr. Thompson asked if the length of the PILOT were 5 years rather than 15 years where would the unravel take place. Mr. McDaniel advised the “unravel” would take place in year 6. Mr. Flower then stated that the Board wished the project to succeed without impairment but it is very important that the city share in the revenue stream where there is a surplus, including an independent audit which cost would be borne by the developer in the monitoring process. Mr. Cornelius assured the Board that language with which it would be comfortable could be crafted. Mr. Flower acknowledged the developer’s need for a closing by the end of August. Ms. Seely interjected that process of creating the PILOT proposal, the developer looked at what the City has been getting as an average in taxes for the past 10 years and therefore drafted their proposal for incremental increases in the PILOT payments every 5 years over the next 15-year period.

Mrs. Good thanked both Stan McDaniel and Toni Weiss for their reports, which were very helpful, adding that the process now taken moves the CBA process forward.

Mr. Flower then requested a motion to grant final approval of the bond issuance; for approval of the CBA; and approval of the PILOT request subject to claw back language that would include additional PILOT payments from any surplus revenue earned by the developer from the top. The amount would not exceed what would have been paid in ad valorem taxes had there been no PILOT.

By motion of Dr. French and seconded by Mr. Saizan, the board voted on the motion as proposed. By unanimous vote the motion passed.

Matt Morrin with Enterprise Community Partners distributed a map to each board member, advising the Lafitte was given final approval on the project months ago; that the project will have 376 rental units for which a 15-year PILOT is requested (100% tax abatement for the public housing component of the Project is being requested and a 15-year 100% abatement for the non-public housing or tax credit and senior housing units. The 15-year tax abatement would be almost co-terminus with the equity investors' tax credit compliance period less six (6) months); that there will be an additional 141 homes for sale on which there will be no PILOT; that the project is being developed in three stages/phases; their proposal for annual fees is \$5,000 a year on each phases as each phase is closed for a total of \$15K on all three phases when completed; that it is critical to close this matter within the next month. He stated the developer is hoping to complete the project by the end of year 2010 with the first phase beginning very soon. The Board was advised that the \$15K per annum is commensurate with other projects of this type.

Mr. Thompson stated that Councilmember Shelley Midura asked him to extend to the Board her strong support of this project; that she wished all leaders to work with protocol dealing with all the attendant specifics of this particular project.

The Board stated that it wanted to see reports delineating the use of local businesses (WBE and DBE included); employment of locals; percentages and amounts of contracts included on this project.

After all discussions, Mr. Flower then requested a motion to accept the PILOT proposal offered by the developer which included a \$5K per year annual fee to the IDB after the closing on each phase for a total of \$15K on the entire development, including the Board's request for monthly reports on the progress of the development as relates to employment and use of locals.

By motion for Mr. Saizan and seconded by Mr. Baptiste, the board vote passed unanimously.

### **521 TCHOUPITOULAS**

Mr. Cornelius presented this matter, informing the Board that it had approved a \$16K issuance/reimbursement/credit to the developer in this matter at the time of the review of the CBA; that the developer is now seeking to have this credit applied to its ad valorem tax bill for year 2008 after which payment the ownership of the property will roll back into the name of the developer. After discussions, the President requested a motion to credit the PILOT payment due the developer in the amount of \$16K for the ad valorem tax year 2008.

By motion of Mr. Saizan and seconded by Mr. Alford, by board vote, the matter passed unanimously.

### **FINANCIALS**

Mrs. Good presented the June financials further advising that the \$112,584 for the servitude at Six Flags was placed into an account with Iberia Bank until such time that the City renders an opinion as to its ownership. She further advised the IDB received an invoice from Adams and Reese in the amount of \$9K for services provided to the IDB, adding that it does not cover all time but certainly that time rendered by Mrs. Jade Russell for a period January 2009 to June 2009. In light of the fact that the Board lost its quorum, this matter was tabled until next month.

Mrs. Good, as an aside, asked that the File Status Report include a GO Zone bond allocation category to reflect those projects that have been allocated GO Zone bonds. She also asked that for the August meeting the Audit/Accounting RFP be made available.

**INSURANCE**

Tabled

**ADMINISTRATOR'S REPORT**

Reports and attachments distributed.

The meeting adjourned at 3:05 PM.

---

Susan P. Good, Secretary Treasurer



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

**AUGUST 18, 2009**

**12:30 P.M.**

**1340 POYDRAS, AMOCO BUILDING, 21<sup>ST</sup> FLOOR CONFERENCE ROOM**

**Present:**

Ronald G. Baptiste, Jr.	Farrell J. Chatelain, Jr.	Walter C. Flower III
Susan P. Good	Glenda Jones-Harris	John Koch
Helen LeBourgeois	Allison P. Randolph, III	Darrel J. Saizan, Jr
C. David Thompson		

**Absent:**

W. Raley Alford, III	Dr. Ronald J. French	James Paul Johnson
Tyrone A. Wilson		

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel  
David Wolf, Bond Counsel  
Wayne J. Neveu, Bond Counsel

**Guests:**

Gionne Jourdan, Michaels Development Co.  
Tom Wulf, Woodward Design-Build  
Cloyd Van Hook, Guarisco & Cordes, LLC  
Paul Cordes, Guarisco & Cordes, LLC  
Dennis Lauscha, Zelia, LLC  
Jaquetta White, Times-Picayune  
Dennis Millner, Bank of New York Mellon  
Carol Rocque, Damon Rocque  
Tim Johnson, Securities Corp/Advantous  
Reuben A. Randel, Advantous Consulting  
Stanley McDaniel, McDaniel Group  
Mitchell Geissler, Southern Star Amusement  
Jonathan Montel, Southern Star Amusement  
David Crais, Southern Star Amusement  
Stan Rueb, Dorsey & Company  
Pam Mendrejycke, Southern Star Amusement  
Tonya Pope, Southern Star Amusement  
Ardyn Thriffiley, La. Economic Development  
Danny R. Rogers, Southern Star Amusement  
Joe Bourgeois, Southern Star Amusement  
Randi Rousseau, WDSU-TV, Channel 6  
Alex, Icranberger, WDSU-TV, Channel 6  
Drew McCalister, WDSU-TV, Channel 6

John Knost, Knost Floor Wall by REflections Design  
Howard Smith, Nickelodeon  
Joanna Roses, Nickelodeon  
Mithun Kamath, Office of Council at Large President, Arnie Fielkow  
Victor Smeltz, Renaissance Neighborhood Development Corp.  
Greg LaRose, City Business  
Joe Hassinger, Galloway Johnson  
Gerald Raines, Nickelodeon  
LaSwanda Green, Downtown Development District  
Julie Schwam Harris, City of New Orleans  
Robert Packnet, R & P Landscape  
Eric d. Schlosser, 3E Entertainment  
Jared Brossett, House of Representatives, State of La.  
Cedric Richmond, House of Representatives, State of La.  
Lorraine Washington, Recovery Com.  
Chad Vincent, New Orleans Saints  
Jackie Clarkson, City Council at Large, V.P.  
Eric Strachan, Office of Council at Large V.P., Jackie Clarkson  
Cynthia Willard-Lewis, Councilmember, District E  
Clarence Bickham, Office of Councilmember Cynthia Willard-Lewis  
Damon Burns, Morgan Keegan

Prior to the confirmation of a quorum and the opening of the meeting, the President, Walter C. Flower, III, requested an introduction of all guests. After introductions, the President advised that he would ask for presentation of the Zelia, LLC application although no vote could be taken until a quorum was confirmed.

At 12:25 PM the President called the meeting to order. Mr. Dennis Lauscha presented the proposal of Zelia, advising that Zelia was a corporation made up of the Tom Benson family; that it proposed redevelopment of the Dominion Tower Office Building and the New Orleans Centre. A 9-minute video was played which illustrated the backbone of Zelia, the Benson family's involvement in New Orleans and its economic impact including highlights of the Saints and the Benson family's reinvestment in and around the Superdome and the CBD. The applicant proposes to purchase the New Orleans Centre and Dominion Tower to create a new sports' district including redevelopment of the mall, including \$85M in Superdome improvements as well as an entertainment district. The benefits to city are an increase in stadium income, extension of the life of the Superdome and potential for more Super Bowls, Final Fours, etc. There is a 25-year impact equal to over \$12B for the city, he explained.

Mr. Cordes, a representative of Zelia, further explained that the benefits to the City and the downtown area are not only jobs but also an increase of city sales taxes generated as a result of the proposed redevelopment of these two sites. This proposal is also tied to reduced property taxes during the 20-year period. It is anticipated that the closing of the bond issuance is likely to be in place by the end of the year; that an amount not exceeding \$60M in a bond issuance is being sought from the IDB at this time; total project costs are around \$80M - \$90M (Dominion Tower \$75M and the New Orleans Centre \$10.5M); adding that \$42M for acquisition of the properties; \$12.5 State office improvements; \$15-20M for improvements to the roof; \$5M to mechanical structure improvements all of which are the private tenant portions of the project, including \$2M-\$3M for parking garage improvements.

At this time a quorum was confirmed and the meeting was officially called to order by the President.

Discussions were undertaken, the first of which involved the Dominion Tower. Mr. Ray Cornelius informed the board that the developers are seeking preliminary approval on the project and that the project is tied to the retention of the Saints in New Orleans; that the Bensons are in negotiations with the City and State at this time; that it would be helpful if the board could accelerate the CBA in light of the PILOT request and that no other action is required today.

Current taxes, the board was advised, are around \$353,000 per year since Hurricane Katrina. Mr. Cordes added that the impact of the entertainment district has not yet been considered; stating further that Mayor Nagin is in support of reducing or eliminating taxes on the redeveloped sites. A closing date for the acquisition of the property is scheduled for Tuesday, September 15, thus the reason for the expedited CBA.

Mr. Cornelius informed the board that these will be “taxable bonds” if the developer is successful in getting a tax exemption or the elimination of the taxes; and added that three-quarters of the building (Dominion Tower) would be leased by the State from Zelia. Mr. Cordes added that the New Orleans Centre and Entertainment District would be co-developed with the Louisiana Stadium Exposition District and that profits would be shared with LSED and the Benson Family.

Mr. Flower asked the board if it was willing to give preliminary approval for the \$60M requested and expediting the CBA. Mrs. Susan Good requested clarity as to the PILOT term – 20 years as is being requested today or 16 years as reflected in the application. Mr. Cordes offered that the Saints now have a 15-year agreement with the right to extend an additional 5 years.

Mr. Cordes advised that plans are currently on the drawing board for the New Orleans Centre. The objective, he stated, is to have a facility similar to that of the Staples Center in Los Angeles with entertainment facilities, shopping, dining, etc. and an outside venue for concerts on game days which would include state-of-the art digital panels – there will be a redevelopment of the outside space. Mr. Darrel Saizan then asked to have considered for the mall space a movie theatre which is sorely needed in the New Orleans area. Mr. Lauscha added that such a component is being considered.

Discussions then ensued regarding the date of Zelia’s proposed closing for the acquisition of the property and the Board meeting which is scheduled for the same date. Mr. Cornelius interjected that the developer seeks to have the board meeting a day earlier, if agreed to by the board, and asked the board to accommodate the request by expediting the CBA. He suggested the board be polled for the change of date to Monday, September 14. Ms. Martin was directed to take a poll for the date change and to get an RFP issued for the CBA immediately.

Mr. Saizan suggested to the Zelia group that access to the Dominion Tower and the New Orleans Centre be “user friendly” such as that proposed by the Hyatt developer, i.e., access from Loyola Avenue.

Mr. Allison Randolph offered that in review of the application, he sees that 50% of the jobs would go to minorities and that 90% of the jobs would go to New Orleans residents. He stated that he would like to see as much of the contracting go to locals and added further that he would like to see some contract goals outlined by the developer for use of local and minority businesses



that are qualified and bondable. He added that the outline should include a breakdown from the developer of targets for locals and DBEs. Mr. Flower added that local participation is important and that he, too, would like see a greater percentage of the overall construction and redevelopment go to local contractors and sub-contracts including labor. Mr. Cordes assured the board that Mr. Benson is for local and minority participation.

Mr. Flower requested a motion for the granting of preliminary approval, for the expediting of the CBA and for changing the date for the board meeting. A motion was offered by Mrs. Helen LeBourgeois and seconded by Ms. Glenda Jones-Harris. The vote passed unanimously.

## **SOUTHERN STAR AMUSEMENT**

Mr. David Crais was offered the floor to present the application in this matter. Mr. Crais advised that he is a member of the board of Southern Star Amusement and handles many of the management issues; that Mr. Danny Rogers is the President and Ms. Tonya Pope is Chief Financial Officer both of whom were present. He stated that also in attendance were representatives of Nickelodeon and that Nickelodeon will serve as the theme partner for the redevelopment of the Six Flags site in New Orleans east; that Nickelodeon is part of the MTV/Viacom family and is one of the largest branding sources in the U. S. He stated that the developers are interested in creating a theme park at the Six Flags site; that based on a site visit by Mr. Rogers it was found that the site was not in bad condition. The developers also suggest a smaller water park that would work in tandem with the branding of Nickelodeon. According to Mr. Crais, Mr. Rogers was contacted by Nickelodeon. Nickelodeon also conducted a site visit and saw that the property could be re-built. The property “as is”, as reported by Mr. Crais, gives the developer a minimum of a \$40M head start and that the entire project is economically viable. The Board was further informed that a contract has been signed by Nickelodeon with Southern Star and, that as of this morning a press conference was held to announce the agreement. Mr. Crais added that J. C. Ellis, manager of the White Water West Water Park, would also be a part of the team. Mr. Crais stated they are seeking from \$100M - \$150M in GO Zone bonds and preliminary approval from the IDB; that the project will be a challenge; and that plans are underway to meet with John Kennedy, State Treasurer and Whit Kling of the State Bond Commission who wish to discuss the viability of the project in New Orleans.

The President then acknowledged the presence of Council at Large Vice-President, Jackie Clarkson who expressed her thanks to the Zelia representatives, adding that this project will change the scope of what’s going in New Orleans and the CBD; she thanked the IDB for its works in this process.

Mr. Flower asked for comments from the Board on the Southern Star project’s scope and the ability of the group to raise the funds to do a project of this size and nature. Board members expressed concern as to the developer’s ability to secure financing, as well as a need to have documented the names of investors, amounts of investment, Nickelodeon’s relationship and its investment although the Board was assured that Nickelodeon’s role is totally related to “branding”, contract signage, etc. The Board was advised that Dorsey & Co. endorses municipal entities and has been present throughout the Southern Star process. Mr. Rogers advised that Nickelodeon will oversee everything Southern Star implements and that he is sure with Nickelodeon, the IDB will be satisfied with its actions.

Mr. Flower reinforced that the Board unequivocally wants strong local participation and employment, and would like to be assured that the labor force includes the youth of the city,

including written commitments highlighting milestones. Ms. Pope assured the Board there will be such participation by WBEs, DBEs; that they pursued those companies and vendors and have issued qualification forms to some local vendors and contractors. Because the project is of a special nature, she believes many of the local vendors will generate t-shirts and like products and she was sure that locals could handle many of their small events.

Mr. Howard Smith with Nickelodeon was then recognized. He provided an overview of Nickelodeon's history adding that Nickelodeon has been keeping an eye on the project since their initial meeting with Mr. Rogers. Tours have been taken of the site; they were impressed with the infrastructure but admitted that they are not familiar with owning a park; that their sole involvement in other theme park-related projects is purely "branding", serving also as a marketing resource - such as their relationship with Camp Snoopy. In answer to a question concerning Nickelodeon's equity investment in the project, the Board was informed by Mr. Smith that Nickelodeon is a media company with licensing structure in place, the developer owns the underlying physical assets, Nickelodeon brings only marketing and branding,

The President then recognized Councilmember Cynthia Willard-Lewis who thanked the Board for its work. She stated that this project would build on the legacy of Six Flags which was successful until the storm; Six Flags, she stated, continues to make its lease payments to the City; the proposed project would complement the City's tourism efforts; jobs will be created; that other re-building is taking place in N. O. East including a new library, the refurbishing of Joe Brown Park, Lake Forest Mall, the Fire Station, Police Station all in an effort to bring back public assets; this project will draw families from other regions; Nickelodeon's value is well-known world-wide and she understands its marketing value and supports the project.

Mr. Randolph stated that his concern is that the City cannot afford not to give preliminary approval and that he would like to see the project work; it would be a tremendous asset to the City but knowing the financial market, it will be a difficult sell. Mr. Farrell Chatelain stated that he would like to see details of the relationship between Southern Star Amusement and Nickelodeon; specifically if Nickelodeon was going to have an equity piece in the project. He also questioned if the IDB would be tying up the property by giving preliminary approval.

Mr. Cornelius then asked for the floor to clarify some issues of concern. Firstly, he stated that the Board owns the proposed site and became involved in the Six Flags site at the City's request; preliminary approval today will not restrict the Board from considering any other proposals; he stated that he would not be comfortable saying the IDB can assign the property but that the IDB can grant preliminary approval with no exclusionary right or control of the property. Mr. Cornelius reminded the Board that the applicant is not seeking a PILOT for this project and the preliminary approval would give them the time to move their project forward.

Mrs. Good then stated that she would like to see an effort to engage State Treasurer John Kennedy in the discussion. Previously Mr. Kennedy made negative comments concerning New Orleans and its efforts to obtain financing for the Hyatt project. She then asked if it was possible that this project could be done without using the entire amount of land in light of the visit by local representatives to a project in Dallas that could also be feasible; in other words could these two projects work together.

Mr. Rogers responded by stating that he has spoken with Councilman Arnie Fielkow and that he thinks the other project is a wonderful idea. However, he feels it would not work on the same land, but possibly it can be done on some of the adjacent property. Both projects would be good for tourism. Mr. Crais interposed, in that at this time, they are not at liberty to discuss and/or

disclose communications with Mr. Fielkow but they have discussed working together and that they [Southern Star] were invited to the August 25 meeting at Maria Goretti Church in New Orleans East that included use of land, the joint projects, Nickelodeon Park and Big League Dreams. Mr. Crais added that Big League Dreams is a public finance venture, not private investors.

Councilmember Willard-Lewis said that she feels the use of public funds at this time would be better spent on other priorities. She commented that disaster dollars need to be used for a hospital rather than a sports complex. She is here today to support this project (Southern Star Amusement). Her feeling is that this proposal would help revitalize the area and the entire city. She added that there is an abundance of land to do multiple projects in New Orleans East but questioned where the dollars would come from.

Mr. Flower then asked the board for a motion granting preliminary approval of \$100M in GO Zone bonds for the Southern Star Amusement project. Upon motion of Mr. Randolph, seconded by Mr. Saizan, the vote passed with 8 Yeas to 2 Nays.

### **CHATEAU CARRE**

Mr. Neveu took the floor to present the PILOT language in this matter. Once the presentation was made, the Board determined and emphasized the reference to surplus cash was incorrect; that it is not surplus cash they expect to be used as additional PILOT payment but rather revenue dollars generated over and above the amount projected in the application or in the pro forma. These funds would be tied to a claw back which would, in essence, state that such funds would be paid to the city as an additional PILOT payment as long as it did not exceed the maximum tax amount that would be paid if the property were on the tax rolls at full assessment. This would mean that any revenue generated (before expenses) in excess of that projected on the pro forma, would be subject to the claw back. Mr. Neveu stated that the language is usually imbedded in the Lease Agreement between the IDB and the developer. Mr. Victor Smeltz, director of Renaissance Neighborhood Development Corporation, interjected that he was not sure his investors would agree to this request as there are expenses to be paid from funds generated. Mr. Smeltz and Mr. Neveu were reminded that the IDB is working on a monitoring system to track such revenue intake on projects. Mr. Neveu assured the Board that it would have the language ready before the next board meeting.

### **NEW SAVOY PHASE II**

At this time, Ms. Gionne Jourdan, of Michaels Development Co., developer of the New Savoy Phase II project, presented the overview on this project. After discussions concerning the PILOT request and claw backs associated therewith, Ms. Jourdan stated that Michaels would be in agreement to utilize the same claw back language used in the other HANO developments.

Mr. Flower then asked for a motion on the PILOT request of 30 years for the public housing units and 15 years for the Section 8 housing after which the non-public housing portion would be assessed at the then market tax rate. Upon motion of Mr. Randolph, seconded by Ms. Jones-Harris, the vote passed unanimously.

Mr. Flower then asked for a motion on the final approval for issuance of \$3.25M in bonds subject to the PILOT language being crafted. By motion of Ms. Jones-Harris, and seconded by Mr. Saizan, the vote passed unanimously.

### **EDWARDS AVENUE PARTNERSHIP**

Bond Counsel, Mr. David Wolf, presented this matter advising the Board that because of new market tax credits and a few other non-structural changes, this matter was being re-visited; that Iberia Bank is now the purchaser of the bonds; and, that no PILOT is involved with this project. Mr. Cornelius reminded the board that it previously gave final approval in this matter but that because of the changes as noted by Mr. Wolf, a ratification of the previously approved resolution is required.

By motion of Mrs. Good, seconded by Ms. Jones-Harris, the vote passed unanimously on the ratification of the final resolution.

### **FINANCIALS**

Mrs. Good informed the board that copies of the current financial reports were included in their folders and that an approval by Board vote was needed on the \$9,030.05 bill from Adams and Reese for services rendered to the Board outside that of serving as bond counsel. Mr. Flower requested a motion for approval to pay the \$9,030.05 invoice. By motion of Mr. Saizan, and seconded by Ms. Jones-Harris, the vote passed unanimously.

### **INSURANCE**

Tabled

### **MARKETING AND ADVERTISING**

Tabled

### **ADMINISTRATOR'S REPORT**

Reports and attachments distributed.

The meeting adjourned at 3:20 PM.

---

Susan P. Good, Secretary Treasurer



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

**SEPTEMBER 14, 2009  
12:30 P.M.**

**ADAMS AND REESE, LLP, 701 POYDRAS STREET, 45<sup>TH</sup> FLOOR**

**Present:**

Farrell J. Chatelain, Jr.	Walter C. Flower III	Dr. Ronald J. French
Susan P. Good	Glenda Jones-Harris	John L. Koch
Helen LeBourgeois	Allison P. Randolph, III	Darrel J. Saizan, Jr
C. David Thompson		

**Absent:**

W. Raley Alford, III	Ronald G. Baptiste, Jr.	James Paul Johnson
Tyrone A. Wilson		

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese  
David Wolf, Bond Counsel-Adams and Reese  
Wayne Neveu, Bond Counsel-Foley & Judell

**Guests:**

Lorraine Washington, Citizen  
Bill Langkopp, Greater New Orleans Hotel and Lodging Association  
Cody Marshall, C3 Hands Off Iberville  
Terri Franklin, Regions Bank  
Mark W. Wilson, OPCMIA  
A. W. Gomez, BAC Local #6  
Shawn N. Rochon, D. & S Construction  
Tim Johnson, Advantous Consulting  
Stan McDaniel, McDaniel Group  
Camille Whitworth, WDSU-TV  
Andrew McAllister, WDSU-TV  
Scott Murphy, Iron Worker Union No. 58  
E. Gethers, City of New Orleans  
Denis Milliner, Bank of New York Mellon  
Cloyd Van Hook, Guarisco & Cordes  
Paul D. Cordes, Jr., Guarisco & Cordes  
Becky Mowbray, Times-Picayune  
Carol Rocque, Securities Corp/Damon Rocque  
Joseph E. Williams Beacon Street Financial Group  
Damon Burns, Morgan Keegan  
Jeannie Tidy, Downtown Development District  
LaSwanda Green, Downtown Development District  
Gionne Jourdan, Michaels Development Co.

The meeting was called to order by the President, Walter C. Flower, III, at 12:39PM. An introduction of all guests was conducted. A quorum was acknowledged and a roll call of the Board was had. After roll call, the President asked for a motion approving the minutes of the August 18, 2009 board meeting. By motion of Mr. C. David Thompson, and seconded by Mr. John L. Koch, the board voted unanimously to accept the minutes.

## ZELIA, LLC

### Cost/Benefit Analysis

Professor Toni Weiss, economist conducting the CBA, presented her analysis, advising that in order to conduct her analysis, she met with the developer, the staff of the Downtown Development District, and others. She reminded the board that the developer originally requested \$0- as a PILOT payment and subsequently returned, requesting a PILOT based on the amount of Private Market Space of the project being rented. She stated that if a PILOT is not granted, she estimates that it could possibly be 10 years before there would be another undertaking of a project such as this at this location. Ms. Weiss, advised that conservative numbers were used as there was no idea what the Entertainment District would provide in terms of benefits; the La. Stadium Exposition District (LSED) and the applicant, Zelia, LLC, are responsible for all property taxes and any lessee in the rental space would share in property taxes if the LSED is not responsible.

At this time, the President asked for an explanation offered by the developer for taxes in the amount of \$90,000. Ms. Weiss advised that initially the developer was requesting a 15-year PILOT with the potential of a 20-year PILOT. She stated that the loss to the city, of course, is the loss of property taxes if a PILOT is not granted; that a 30-year time horizon was used in her analysis which obviously is longer than the PILOT of 15 to 20 years, but is necessary to determine costs and benefits in the long-term.

She then addressed questions from the Board concerning the employment to be gained by the Entertainment District which would include restaurants, kiosks, retail, etc and stated that these would create a unit of employment that would include new jobs and a displacement of other jobs from other areas which would not be considered new jobs. The current employment rate is estimated at 25%. With the influx of construction jobs there would be a ripple effect in the economy with a multiplier creating additional jobs. Also considered is the State taking over 2/3 of the building and the other 1/3 being occupied by private entities that may be coming from another location. She advised that the average per square foot for downtown office space is \$16-\$19 psf (gross). In answer to a question raised by Ms. Glenda Jones-Harris re square footage of the medical facility, Ms. Weiss said that the 115K square feet that the medical facility now occupies would remain in the current building until the hospital is built; that the space has not yet been dedicated and not sure how long the medical facility will remain.

Inquiries also required Ms. Weiss to explain the thought processes behind her supposition that there would not be any activity at this site for at least another ten years. She advised that she took into account the tight financial markets and that the building has not yet been renovated since Hurricane Katrina.

Mr. Flower then referred to page 26 of the CBA and asked how the developer came up with the 74% measurable as it relates to PILOT calculations and its degree of occupancy of the office building. She stated the developer estimated that its use of the total square footage of 1.8M square feet of the office building and the N. O. Center equate to about 2/3 of the medical center with LSU (medical center) and 50% of the New Orleans Center because that land is owned by the State and leased back, only 50% of the total space would not qualify.

Mr. Paul Cordes asked to be recognized. He explained that the mall space is a profit sharing vehicle of the LSED and the Entertainment District.

Mr. Flower invoked and reiterated the sentiments of several board members that the important issues of concern by the Board as relates to Zelia's request for a PILOT are:

1. Employment of locals during construction and thereafter;
2. The contracting of local businesses including WDBE and DBE
3. The claw backs that would be imposed by the IDB to ensure the hiring of locals; and that if the developer made more than what is projected the necessity of the City recovering that revenue over and above that projected as an additional PILOT payment not to exceed those taxes which would otherwise be due as ad valorem taxes

Mr. Paul Cordes, assured the Board that Mr. Benson is for New Orleans and the surrounding area; that Woodward-Design Building is the lead contractor on the rehabilitation of the Office Tower; that compliance of State regulations require similar provisions; 90% of employees in the office building and in the Entertainment District would be Orleans Parish resident. Ms. Weiss, however, contended that based on her experience, statistics indicates a decrease in such employment stats as a result of the hurricanes and that her scales are much lower.

Mr. Allison Randolph emphasized that he would like to see specific plans identified by the developer for use of local contractors and sub-contractors as well as the use of other small businesses; in other words, show how minority and small business will participate. It was also emphasized that many of these projects currently underway are inundated with out-of-state contractors doing work locals can do. There was concurrence by Mr. Farrell Chatelain. Ms. Weiss remarked that the IDB should be assured by the developer they **will not seek a TIF or rebate on material purchases.**

Mr. Koch asked if the PILOT was critical in this undertaking and whether the \$20 psf for the State-rented portion of the building was fair market or above market rate. Ms. Weiss interjected that this is a point of difference. Mr. Cordes then explained that \$20 psf is for 320,000 SF of actual space to be rented; there is no common area factor cost so this is clearly within the market rate; he provided a set of formulas and explained same to the board. Mr. Koch then asked if this is what the State is paying for as the State's incentive for this package and that the IDB has not heard from the State on what it wishes for this package. Input has been heard from the City and the City Council.

Mr. Randolph echoed that everyone wants to see this project developed but it appears that the request for a \$90,000 per year PILOT payment request seems to be extremely low considering the amount of money being circulated and further stated that he felt the City is not being treated fairly with this request. Mr. Cordes stressed that this helps to achieve the "A" rating they need to make the project work; that there are no guarantees in the project; all is based on cash flow paid from the State office lease and LSU occupancy; that a fixed PILOT is needed in this project.

Mr. Cornelius interjected that the goal of today's request is subject to the claw backs voted upon by the Board; that the project is based on a PILOT; that claw backs would include a percentage of the construction costs including minority and local participation with emphasis on local hiring; that a public hearing would be held on the matter and that notice and invitations to the public hearing will include local taxing bodies; that the urgency of knowing there is a PILOT today is necessary for the acquisition closing schedule for the next day. He stated the developers will come back to the next board meeting at which time protection of the board and its claw backs can be discussed.

Ms. Weiss stated, in answer to Mr. Thompson's question, that without the PILOT all benefits might become a huge fiscal loss to the City. Mr. Thompson then stated that traditionally the IDB does not lower taxes as currently being asked and added as an inquiry whether the Downtown Development District was in support of the PILOT for this project to which Ms. Weiss said, "yes".

At this point, Mr. Flower offered the floor to Mr. McDaniel for presentation of the "but for" analysis. He advised that the lease between Zelia and the State is set at \$20 psf and that this amount includes an \$8 expense to cover a wide range of rental expenses including property taxes. He explained that property taxes are imbedded in lease payments. He advised that LSU has a 5-year lease which goes silent after the 5<sup>th</sup> year, that is it is not sure if they will renew their lease in year 6; that the rating agency does not consider private space in their rating process; the Developer is seeking to achieve a class "A" rating to secure financing and the debt coverage governs whether or not it receives a class "A" rating. He stated that it was his opinion that even if the finance unraveled, it does not mean the project won't move forward but that there will be a "gap". His review showed that income for the Entertainment District as well as the parking could not be verified or determined. However, when looking at ninety thousand square feet of space, you can tell what the market is currently paying. Because of the lack of verified information, he found that he could not make an informed recommendation consistent with his previous practices of informing the board. Mr. Randolph asked if there was enough information to set claw backs. Mr. Cornelius then interjected that some information being requested by Mr. McDaniel was simply not available. Mr. Randolph stated that there has to be some reasonable, realistic idea of what revenues will be generated so there can be an educated projection based on information provided by the developer.

Dr. French expressed the opinion that with the current request for a \$90K per year PILOT payment, the IDB was being put in the position as a deal breaker; that the IDB must protect the City; that the IDB with valid speculations decides to allow PILOT arrangements and that the IDB has generally stuck with the precedent of freezing taxes at their current level; that clearly, the IDB has an obligation to the citizens of the city.

Mr. McDaniel added that based on his review of the Cushman Wakefield appraisal, the average rate per square foot of office space which is being paid by the State is in excess of market rate for other downtown space.

The Board was in agreement that it wished the project success and would do what it thought reasonable to protect the city and get the project up and running. Concern was expressed at the \$90,000 request and discussed a range between \$90,000 - \$352,000. After discussion, the President requested a motion on the amount of the PILOT subject to claw back creation before the next board meeting.



By motion of Mrs. Susan Good to approve a PILOT in the range of \$90,000 to the current taxes of \$352,000 until additional information is acquired, subject to claw backs that would protect the City was seconded by Mr. Randolph. Before a vote was taken the matter was placed for discussion. At this time, Mr. Cornelius advised that the negotiation of the PILOT and its claw backs could be anything pursuant to the Board's desires. He said that his thought would be to place same at the low end range with contractual certifications and claw backs based on performance. Mr. Cordes concurred that the developer could live with this recommendation so that financing could be pursued. At this time Mr. Chatelain suggested taxes in the amount of \$176,000 subject to claw backs. Mr. Flower interjected that substantiation for a PILOT of \$193,000 is reflected in the CBA, adding if the project does enormously better then the taxes would be above the \$352,000 benchmark with the claw backs being formalized by the next board meeting.

The former motion was withdrawn. A new, amended motion was placed by Mrs. Good and seconded by Mr. Darrel Saizan as follows: A 15-year PILOT in the amount of \$176,000 to be granted with the option of adding an additional 5 years based on the State exercising its option for an additional 5 year lease, subject to claw backs for the protection of the city which matter will be reviewed at a later date. By unanimous vote of the board, the matter passed without objection.

### **POYDRAS PROPERTIES HOTEL HOLDINGS, LLC**

The Board was advised that the State allocation for this project will expire in October. Since the State will not extend the deadline, approval by the IDB for a draw down of \$22.5M of the \$225M already allocated to the project is being requested. The \$22.5M will be purchased by the Company and two banks. The Board was also informed that the developer may come back before the Board seeking a PILOT as assistance in the matter as the market is still difficult. This partial purchase could assist in keeping the project alive and moving forward. Mr. Cornelius added that the Poydras Properties Hotel Holdings project and the Zelia project could help to fuel each other. The Hyatt would be essential to retail and the Entertainment District. Each developer is taking a leap of faith. Mr. Saizan added that the Hyatt should be a part of the concept of revitalizing that area of downtown. Mr. Cornelius stated that a resolution has been prepared authorizing the issuance of \$225 with a 10% current issuance with changes of interest at 5%. The President requested discussion of the Board. No additional discussions were held and a motion to accept the resolution was requested.

By motion of Ms. Jones-Harris, seconded by Mr. Saizan, a vote was taken to accept the motion and same passed unanimously.

### **NEW SAVOY PHASE II**

Mr. Wayne Neveu, bond counsel in this matter, presented. He reminded the Board that a PILOT was previously approved subject to language of the claw backs; that the "as completed appraisal value" was not in yet but would be included in the language ensuring that the City would get its foregone taxes. The amount of the \$5,000 per year would be the minimum if the "as built" figure came in too low. Ms. Gionne Jourdan was introduced who provided that New Savoy Phase II will comply with the requests of the IDB.

The President requested a motion for the acceptance of the PILOT language to adopted. By motion of Ms. Jones-Harris, seconded by Mrs. Helen LeBourgeois, the Board voted unanimously to accept the PILOT language as proposed.

## **UNION ISSUES OF HIRING PRACTICES AND CONTRACTING OF LOCAL BUSINESSES**

Upon presentation of the document of the Union, the President requested that a two-page letter be sent to the Board covering the issues they would like addressed. He added that it is incumbent upon the IDB to get back to HANO for proof of obligation and that it appeared to be a good time to start monitoring these projects allowing HANO to provide a clear-cut analysis of the practices of the developers in each HANO project approved by the Board. It was suggested by Dr. French that it might be possible to get the assistance of the new Inspector General to assist in overseeing the bid processes of these developers and to determine whether or not they are in compliance. Mr. Flower advised that the IDB will have to initiate a monitoring audit.

### **OLD BUSINESS**

Bond counsel, David Wolf, informed the board that the issuance of bonds to Edwards Avenue Partnership was closed at \$7.514M with new market tax credits of \$2.6M.

### **INSURANCE**

The Board voted unanimously to approve the insurance quotes for General Liability and Non-Hired Auto, Worker's Comp in the amount of \$2915.00

### **FINANCIALS**

Mrs. Good informed the board that copies of the financials were not ready at this time. She also requested the submittal of names of accountants and auditors who could be sent copies of the RFP. She reminded the board that each contract, when signed, would cover a 3-year period.

### **ADMINISTRATOR'S REPORT**

Ms. Martin presented her report.

The meeting adjourned at 2:30 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 20, 2009 AT 12:30 P.M.  
21<sup>ST</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Farrell J. Chatelain, Jr.	Walter C. Flower III	Dr. Ronald J. French
Susan P. Good	Glenda Jones-Harris	James Paul Johnson
John L. Koch	Helen LeBourgeois	Alan H. Philipson
Darrel J. Saizan, Jr	Edwin M. Shorty, Jr.	C. David Thompson

**Absent:**

Ronald G. Baptiste, Jr. Allison P. Randolph, III

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese  
David Wolf, Bond Counsel-Adams and Reese  
Wayne Neveu, Bond Counsel-Foley & Judell

**Guests:**

Lorraine Washington, Citizen  
John Stockmeyer, Real Estate Tax Group  
Mark W. Wilson, OPCMIA (Union)  
Toni Cacioppo, United Association  
A. W. Gomez, BAC #6 (Union)  
Joe Williams, Value Spark Capital  
Toni Weiss  
Karl Kehoe, Real Estate Tax Group  
Stephen Stuart, Bureau of Governmental Research  
Kyle Farnce, Hyatt  
Christopher Robertson, Poydras Properties Hotel Holdings, LLC  
Jeannie Tidy, Downtown Development District  
Paul Cordes, Guarisco & Cordes  
Cloyd Van Hook, Guarisco & Cordes  
Terri Franklin, Regions Bank  
Tim Johnson, Advantous Consultants  
Robert Gigliotti, Poydras Properties Hotel Holdings, LLC  
Jacob Capraro, Poydras Properties Hotel Holdings, LLC  
Stan McDaniel, McDaniel Group  
Beth Zeigler, Hancock Bank  
Mavis Early, GNO Hotel & Lodging Association  
Lisa Sexton, Piper Jaffray  
Denis Milliner, Bank of New York Mellon  
Henry R. Charlot, Jr., Downtown Development District

Buck Landry, Morgan Keegan  
Brian Coogan, Orleans Parish Criminal Sheriff  
Brigid DeLoach, McCormack Baron Salazar  
Paula Peer, Trapolin Architects  
J. A. Font, Font International  
Anthony Richard, RAC/Tony's Electric Services  
Blane Bacchus, RAC  
Rhonda Williams, Office of Assessor Darren Mire  
Lee Bressler, Morgan Keegan  
Gionne Jordan, Michaels Development  
Art Lujan, Gulf Coast Construction Career Center  
Pharisa Dixon, HANO  
Angela Anderson, HANO  
Carol Rocque, Damon Rocque Securities Corp.  
Ian Trivers, AFL-CIO Investment Trust  
Pamela Hammond, Elkins, PLC  
Kurt Weigle, Downtown Development District  
Monika McKay, Columbia Residential  
Ernest Gethers, City/Dept. of Economic Development  
Ralph Engelberger, PDSI/Poydras Properties Hotel Holdings, LLC  
Mike Howells, C3-1Hands Off Iberville

Prior to the Board meeting being officially called to order, the President, Mr. Walter Flower, introduced the two newest members of the Board, Mr. Alan Philipson and Mr. Edwin Shorty, Jr. An introduction of all guests was also conducted. Upon arrival of Board members, the meeting was officially called to order at 12:24PM. A quorum was acknowledged and a roll call of the Board was had. The President asked for a motion approving the minutes of the September 18, 2009 Board meeting. Mrs. Susan Good noted that the final motion on Page 5 of the minutes needed amending to reflect \$176,000 as a PILOT payment agreed upon by the Board. By motion of Mr. C. David Thompson, and seconded by Ms. Glenda Jones-Harris, the Board voted unanimously to accept the minutes with noted changes.

#### **ZELIA, LLC**

Attorney David Wolf noted that no action was required today in this matter but rather a report on the Public Hearing that was held just prior to the Board meeting. He advised that there were no objections to the Zelia project and the PILOT request; that the developer will move forward for a discussion of the possible amended PILOT payments in November or December. Mr. Flower reminded the Board that in light of the additional ad valorem taxes found in connection with the Dominion Tower/New Orleans Centre, the Board will reconvene to re-discuss the PILOT payments previously approved. The issue will, therefore, be studied to determine if the additional taxes are applicable.

#### **MARIGNY HOUSE (MARIGNY INVESTMENTS, LLC)**

The President then recognized Mr. Jose Font who presented the application request for an amount not exceeding \$25M in GO Zone bonds for the development of an extended stay and permanent resident facility located at Elysian Fields and Chartres with retail space and 215 parking spaces. He referred to the project as a turnkey project. Mr. Wolf advised that the

developer wished to reserve the right to come before the Board to request a PILOT at a later date.

Mr. Wolf reminded the Board that the GO Zone bond allocation expires on December 31, 2009; that there were three State Bond Commission meetings for Orleans Parish left, including October; that it is hoped an extension of the GO Zone bonds will be granted; and that the Board should take a proactive stand in seeking the extension. Mr. Flower offered a motion that all efforts be made to reach the New Orleans members of the State Legislature as well as U. S. Congressmen, via a letter requesting an extension in the GO Zone bonds to 2014. Mr. Darrel Saizan volunteered to work with Ms. Martin to draft such a letter on behalf of the Board, with the assistance of Adams and Reese.

Discussions continued in the Marigny Investments, LLC matter wherein the developer was advised that if a PILOT were sought, the IDB would require local participation in employment, use of locals as subs and suppliers. Mr. Font informed the Board that currently a part of the property being considered is housing trash trucks owned by SDT; that retail will be a part of the package including an international gourmet market, an institute for the arts, restaurant and lounge and a center garden terrace, with a bookstore and small/local retail; that zoning variances have been discussed with the HDLC and other groups concerning those minor zoning variances.

The President requested a motion for the granting of preliminary approval, leaving the option of a future request for a PILOT open. By motion of Mr. Farrell Chatelain, and seconded by Ms. Jones-Harris, the Board voted unanimously to grant preliminary approval with the option of returning at a later date to request a PILOT.

#### **POYDRAS PROPERTIES HOTEL HOLDINGS, LLC**

The President informed all in attendance that both the Cost/Benefit Analysis (“CBA”) and the “But For” Analysis would be presented at today’s meeting. He then offered the floor to Prof. Toni Weiss who conducted the CBA and advised, in general, that the developers of the 1183-room Hyatt hotel wished approval of a 15-year PILOT at \$325,000 per year – half of the current taxes. She advised that any major hotel’s tax collections generally outweigh property taxes; that current taxes are set at \$625,000 per year; that redevelopment of the Hyatt would be a great benefit to the City; that as a result of the opening of this hotel there would be substantial employment opportunities; that based on her analysis, payment of the amount of the current taxes would not be a hardship to the applicant. Her final recommendation was a PILOT for 10 years at the full \$625,000.

Mr. Stan McDaniel, preparer of the “but for” analysis, was then recognized. He stated that the developer is seeking the reduction in taxes to achieve a higher bond rating; that at its highest point (pre-Katrina), Hyatt ad valorem taxes were at approximately \$2.3M a year. He emphasized that the Board should look at the stabilization year of the project where; that it is at this point that additional revenues could be generated - this would be year 2015 or year six; that at this point in the 15-year request, a PILOT claw back should be instated so that any increase in revenue above that shown in the pro forma would be dedicated to additional PILOT payments as long as it does not exceed the maximum ad valorem tax that would be paid if the property were on the tax rolls. He recommended a 10-year PILOT at \$625,000 a year, with a review of the revenues at year 2015, the year of stabilization. He added that it should be noted that the investor in this project is an “Opportunity Fund” which takes a look at the advantages in the market which suggests further that the PILOT be tied to the “existing” economy of the market. He suggested also that a Hotel Management Agreement be considered to cover hiring practices; and that construction jobs be tied to a claw backs as well.

Mr. Chatelain suggested that a list of the developer's contractor, subs, vendors and suppliers be given to IDB and the IDB needs to be a catalyst in making sure locals are included in these projects and are participating from construction to permanent jobs.

Mr. Mike Smith, the former manager of the Hyatt, was then recognized. He offered that plans for the new Hyatt would include the hiring of locals for at least 85% of the permanent jobs which is estimated at 600; and jobs created during construction would be around 500.

Mr. Chris Robertson, the owner/applicant, took the floor advising the Board that he must take advantage of the window of opportunity to sell the bonds in this matter and that they cannot get the rating needed if the PILOT is not in place. He stated that they have a reserve in excess of \$20M to cover debt service and that closing is estimated at three weeks away. Mr. Ralph Engelberger, Project Manager for the Hyatt, stated that local permanent hiring would be a 90% and 40% of the construction would be dedicated to locals and unions – Orleans Parish.

Mr. Chatelain then offered a motion for employment of locals during construction to be set at 38%. This motion was seconded by Mr. Alan Philipson. Upon vote of the Board, the motion passed unanimously.

Discussions were then held concerning the bond rating and Ms. Lisa Sexton of Piper Jaffray informed the Board that in the event a claw back is attached to the profits, it will maintain a \$20M debt service reserve but advised further that at this time there is no rating.

Mr. Robertson informed the Board that Poydras Properties Hotel Holdings applied for a Restorative Tax Abatement ("RTA") which would freeze taxes at \$625,000 a year for the next five years. It has also applied for a sales tax rebate. Although these incentives have been applied for, Mr. Robertson advised that he will not double-dip. The PILOT works in the alternative. He will forward a letter to the IDB with support documentation reflecting the rescission/forfeiture of the grant of the RTA.

Mrs. Good asked if the developer would agree to a 15-year PILOT with a claw back to review revenues after the fifth year with any overages (before the bottom line) being applied as additional PILOT payments. Mr. Robertson said such language could be worked on; that approval of the PILOT provides consistency in the deal; that they are fighting to protect the \$68M he has invested in the project.

By request of the President, Mrs. Good offered a motion that provided: A grant of a 5-year PILOT at \$320,000 per year; and at year six the taxes would be reverted to the current tax of \$625,000 per year for years 6 – 15 with an attendant claw back tied to revenues after year 6 for any increase in the revenue flow resulting in additional PILOT payments to the extent that such payment does not exceed the maximum amount for ad valorem taxes that would be due if the property were on the tax rolls. Same was seconded by Ms. Jones-Harris.

Further discussions were held. Mr. C. David Thompson then moved to amend the original motion to read: A grant of a 15-year PILOT at \$320,000 per year with the claw back that in year six revenues would be reviewed and any revenue earned over that projected in the pro forma would be paid as additional PILOT payments so long as it does not exceed the ad valorem that would be due if the property were assessed. Same was seconded by Mr. Darrel Saizan. Upon vote the motion passed with 10 yeas and 2 absentia.

Further discussions ensued. After all discussion, a vote was taken and the motion passed unanimously.

Mr. Wolf advised that the Board needed to give final approval to issuance of the remaining bonds which are non-rated in \$100,000 denominations at fixed interest rate with no letter of credit; and that an amended Resolution has been prepared for approval by the Board. Mr. Saizan offered a motion for approval of the ratification of the resolution originally granted in the Poydras Property Hotel Holdings for the grant of issuance of the remaining bond allocation. Same was seconded by Ms. Jones-Harris. The vote passed unanimously.

Mr. Wolf informed the Board that issuance would be through Regions Bank with a 33 year maturity not to exceed 14%; that the required PILOT language and claw backs would be submitted to the Board for review prior to the next board meeting. Mr. Robertson advised that the goal is to sell all bonds by the end of the year.

## **OLD BUSINESS**

### **MONITORING**

The President then informed the Board of the need to have the hiring practices audit conducted at two of the HANO developments – C. J. Peete and St. Bernard, stating further that based on the poll of the Board, same would be conducted by Stan McDaniel. Mr. McDaniel was offered the floor and he provided an explanation of the planned audit format which he supported by a written document prepared by the McDaniel Group. He advised that he met with what appears to him to be resistance by the developer and contractors for certain requested information. He further stated that IDB PILOT language should be more specific.

At this time, HANO legal counsel, Mr. Wayne Woods, was recognized. He advised that HANO was concerned by the process of the audit; that an audit has been done by the Dept. of Labor; these audits are not regularly scheduled nor are they routine. This audit determined that each developer was in keeping with best practice record keeping; that he wished to have it understood that there is a distinction between HANO and the developer; that HANO is holding each developer's feet to the fire with regards to contracting of locals and Section 3 hiring; and that HANO plans to live up to the lease agreement. He suggested, with respect, that such an audit should have certain parameters and that the reports submitted by each developer should address the concerns of the Board.

Mr. Flower then informed Mr. Woods that the IDB has received complaints from individuals and several construction worker unions concerning hiring practices at these two sites, and the complaint of one employee for a sub that did not get paid for work performed. Mr. Saizan requested a list of the locals and minority subs. Mr. Flower assured Mr. Woods that the IDB is willing and ready to work with HANO to get these matters resolved, including the audit.

Mr. Art Luhan was recognized. He introduced himself as the director of Gulf South Construction Careers Center which trains and develops work force needed in the construction arena. He assured the board that locals are available for work at these locations but many of them have been denied. He advised that he would be willing to work with the general contractors and subs to provide them with a well-trained work force on these sites. Mr. Mark Wilson of OPCMIA (international union) stated that a work force to cover 38% - 40% of the jobs can be easily covered from electrical to brick masonry. He further stated that the union does not get calls from developers and the OPCMIA has found it difficult to obtain documents from these

developers to determine who is being hired although site visits do not show locals are being hired. Mr. Flower suggested that both Mr. Luhan and Mr. Wilson meet with Mr. McDaniel.

### **FINANCIALS AND ADMINISTRATOR'S REPORT**

A copy of the August 2009 financials was included each in Board member's folder. A copy of the Administrator's Report was included as well. .

The meeting adjourned at 3:10 PM.

---

Susan P. Good, Secretary Treasurer





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

**NOVEMBER 17, 2009 AT 12:30 P.M.  
21<sup>ST</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Justine T. Augustine	Ronald G. Baptiste, Jr.	Walter C. Flower III
Dr. Ronald J. French	John L. Koch	Allison P. Randolph, III
Darrel J. Saizan, Jr	Edwin M. Shorty, Jr.	C. David Thompson

**Absent:**

Farrell J. Chatelain, Jr.	Susan P. Good	Glenda Jones-Harris
James Paul Johnson	Helen LeBourgeois	Alan H. Philipson

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese  
David Wolf, Bond Counsel-Adams and Reese

**Guests:**

Jacob Capraro, Poydras Properties Hotel Holdings, LLC  
Mark W. Wilson, OPCMIA  
Amy Reimer, International Trust  
Ted Selogie, J. W. Marriott/ Greater New Orleans Hotel and Lodging Assn.  
Ted Sawyer, Hilton N. O. Riverside  
Martin Driskell, InterContinental Hotel  
Mavis Early, Greater New Orleans Hotel and Lodging Association  
Kathleen Young, Chateau LeMoyne Hotel  
Jim Hoskins, Harrah's  
Sandra McNamara, Harrah's  
Gil Zanchi, New Orleans Marriott  
Bill Langkopp, Greater New Orleans Hotel and Lodging Association  
Jennifer Hale, Fox 8 News  
Michael Kennedy, KAI  
Judith Moran, HANO  
Yusef Freeman, McCormack, Baron Salazar  
Lorraine Dinvaut, BBCL, LLC  
Gretchen, Bradford, BBCL, LLC  
Barry Dinvaut, BBCL, LLC  
Joseph Williams, Beacon Street Financial Group  
Jonathan O. Sumter, Pre-Cast Building  
Stephen Stuart, BGR  
Tony Cacioppo, Road Sprinkler Fitters  
Scott Murphy, Inron Workers Union  
Michael Farncois, AFLCIO S/M

Rhonda Williams, Office of Assessor Darren Mire  
Bridig DeLoach, Urban Strategies  
Richard Cortizas, Jones, Walker Law Firm  
Victor Smeltz, Renaissance Neighborhood Development Corp.  
Judy Walker, Renaissance Neighborhood Development Corp.  
Kenya Smith, Dept. of Economic Development, City of New Orleans  
Ernest Gethers, Dept. of Economic Development, City of New Orleans

The meeting was officially called to order at 12:44PM by the President, Mr. Walter Flower. An introduction of all guests was had. After roll call, a quorum was confirmed. By a motion of Dr. Ronald French, and seconded by Mr. Darrel Saizan, Jr., and with a unanimous vote of the board, the minutes of the October 20, 2009 meeting were approved.

### **BBCL, LLC**

The President requested the representative of the BBCL project take the floor to explain the project. Mrs. Lorraine Dinvaut, President of BBCL, LLC provided the Board with an overview of the project which included: Proposed plans are to renovate and upgrade a former LaQuinta Hotel located at I-10 and Bullard in New Orleans East to an Econo-Lodge Plus with accommodations to attract business clients, as well as families coming in for new Jazzland/Six Flags facility. Further, accommodations will include comfortable suites, business meetings rooms, a hotel restaurant and small retail. The facility would be affordable to its clientele. Ms. Dinvaut advised that the restaurant is the former site of the Old Kettle, later Sassafras, restaurants; that the restaurant will be a separate entity servicing the hotel. Mr. Ronald Baptiste applauded the Dinvauts for taking on this project, adding that New Orleans East needs the boost in commercial projects.

Mr. David Wolf then interjected the project is seeking \$3.5M in GO Zone bonds. Having gone through the budget, some items which are ineligible under the guidelines for GO Zone bond issuance have been extracted but that the request may, at a later date, become less. At this time, the developers are seeking preliminary approval and no PILOT is being sought at this time.

In answer to a question concerning management of the hotel by Mr. John Koch, the Board was advised by Mrs. Dinvaut that they will seek the services of a professional hotel management team.

The President requested a motion for the granting of preliminary approval of the BBCL, LLC project for the \$3.5M in GO Zone bonds. Same was offered by Mr. Allison Randolph and seconded by Mr. Baptiste. Upon vote of the Board, the grant for preliminary approval passed unanimously.

### **CHATEAU CARRE, LLC (RNDC) – PILOT LANGUAGE**

The President requested a representative from the project to come forward. Mr. Victor Smeltz was then recognized. Mr. Smeltz thanked for the Board for placing this matter on the agenda. He informed the Board that groundbreaking took place last month and that members of the IDB Board and staff were in attendance, and, that RNDC has exceeded its goals for hiring of locals. With regard to the PILOT granted in July of 2009, RNDC is now back before the board for approval of the proposed language for the claw backs. Ms. Martin, Administrator, confirmed that copies of the language were sent to each board member and a hard copy was included in each Board members' folder. Unfortunately, he advised that neither the State by which the

CBDG grant was issued nor Capital One would not agree to the claw back language regarding revenues earned in excess of that projected in the pro forma to be tied to additional PILOT payments and counter-offered that any revenues earned after the payment of any other payments to the first and second lien position holders (the State and Capital One) be dedicated to additional PILOT payments. He further requested that this claw back language be consistent with that used in the PILOT and claw backs issued in the Lafitte matter. The Board asked how would any excess cash be used if it were not applied to the PILOT. His response was that it would be used to as a pre-payment to the loan and any other primary debt. Mr. Koch stated that while the State and Capital One considered themselves senior lien position holders, the City of New Orleans was, in fact, in senior lien position. The bottom line, as expressed by both Mr. Koch and Mr. Randolph in support of the City's lien position was that if the developer were paying taxes, that amount would come straight from the top. The PILOT payment is no different. The City should not come behind any other entity in this project for payment. Mr. Baptiste added that rather than looking at the net, they (RNDC) should be looking at the gross as numbers can be manipulated. Mr. Smeltz indicated that being put in this position gives the developer no motivation.

Mr. Ray Cornelius reiterated that PILOT payments were the same as taxes and therefore he does not feel comfortable with what is being proposed. Mr. Smeltz again asked for consistency in the PILOT language. Mr. Flower stated that if the IDB had to address gross revenue in accordance with the guidelines being proposed, the IDB was not in position to approve. Mr. Cornelius then offered his assistance to prepare language appealing to the Board. Mr. C. David Thompson reminded Mr. Smeltz that unlike the Lafitte, the Chateau Carre is not a housing development but rather an apartment complex.

This matter was then tabled until such time that the developers would come back to the Board with more acceptable claw back language under the supervision and direction of Mr. Cornelius.

### **HIRING AUDIT**

Mr. Flower stated that the Board was anxious to understand how hiring practices in construction at different projects approved by the IDB were formatted at the project sites, specifically C. J. Peete and St. Bernard. He reminded the Board that Mr. McDaniel of the McDaniel Group was hired to conduct the audit; that he will review hiring records of the developer's contractors and sub-contractors in an effort to determine the effectiveness of the hiring of locals at these two particular sites.

Mr. McDaniel was recognized and presented talking points to be covered, advising that, as of this date, he has met with representatives of the developers of the St. Bernard project; that they have provided some documents to begin the process and that same was true for C. J. Peete. While not enough information has been gathered and reviewed at this time, he and the developer representatives from both projects will be getting together in the very near future to further talks on documents needed. The result will be an analysis of the economic impact of hiring of locals at both sites in compliance with claw back language.

Mr. McDaniel was asked if he met with union representatives, to which he responded, "Yes".

Mr. Flower informed Mr. McDaniel that pursuant to a meeting with representatives of HANO, it was agreed that certain proprietary information would not be removed from the HANO or the developer's premises and as such, site visits may be required by Mr. McDaniel to review such records, copies of which would be provided with personal information being blacked out before copying. This will be done in an effort to keep the matter moving forward.

### **NEW BUSINESS**

Mr. Flower introduced Mr. Justine Augustine, the IDB's newest board member. Mr. Augustine was sworn in.

### **OLD BUSINESS**

Ms. Martin informed the board that all insurance matters have been completed. The IDB is now insured. She also advised that with the help of Mr. Darrel Saizan and Mr. Wolf, efforts to create the letter to Congress and State Legislators for their support of an extension of the GO Zone bond act and the Orleans Parish allocation, respectively, was underway.

Ms. Martin then presented the Administrator's Report which also is included in each Board members fold.

### **FINANCIAL REPORT**

A copy of the September 2009 financials was included in each Board member's folder.

The meeting adjourned at 2:30 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 15, 2009 AT 12:30 P.M.  
21<sup>ST</sup> FLOOR CONFERENCE ROOM-AMOCO BUILDING  
1340 POYDRAS STREET**

**Present:**

Justine T. Augustine	Ronald G. Baptiste, Jr.	Walter C. Flower III
Dr. Ronald J. French	Susan P. Good	Glenda Jones-Harris
Helen LeBourgeois	Alan H. Philipson	Darrel J. Saizan, Jr
Edwin M. Shorty, Jr.	C. David Thompson	

**Absent:**

Farrell J. Chatelain, Jr.	James Paul Johnson	John L. Koch
Allison P. Randolph, III		

**Also Present:**

Sharon Martin, Administrator, IDB  
Joy Matthews, Admin. Assistant, IDB  
O. Ray Cornelius, Bond Counsel-Adams and Reese

**Guests:**

Donald E. Dauzat, Bienville Chartres, LLC  
C. Richard Gerage, Bienville Chartres, LLC  
Jimmy A. Ledet, Bieville Chartres, LLC  
Damion Jeanpierre, Rock Enterprises Construction  
Bill Langkopp, Greater N. O. Hotel & Lodging Association  
Stephen Stuart, Bureau of Governmental Research  
Jeannie Tidy, Downtown Development District  
Pam Hammond, Elkins, PLC  
Karl Kehoe, Real Estate Tax Group  
Yusef Freeman, McCormack, Baron, Salazar  
Stanley McDaniel, McDaniel Group  
Ernest Gethers, City of New Orleans-Dept. of Economic Development  
Patrick Quinn  
Terri Franklin, Regions Bank  
Don Allison, Advantous Consulting  
Damon Burns, Morgan Keegan  
Monika McKay, Columbia Residential

The meeting was called to order at 12:35PM by the President, Mr. Walter Flower. An introduction of all guests was had. After roll call, a quorum was confirmed. By a motion of Dr. Ronald French, and seconded by Mr. Justin Augustine, and with a unanimous vote of the board, the minutes of the November 17, 2009 meeting were approved.

**BIENVILLE CHARTRES, LLC**

The President requested the representative of the Bienville Chartres project take the floor to explain the project. Mr. Donald Dauzat provided the Board with an overview of the project which, in part, included: Proposed plans to redevelop a great portion of Square No. 97 in the French Quarter into a multi-purpose, extended stay suite hotel with parking and retail; that Square is bounded by Bienville, Burgundy, Conti and N. Rampart Streets; to develop an extension of a current boutique hotel, The Dauzat House, which has a hotel license. The redevelopment will include 167 extended stay suites, retail and possibly 400 off-street parking spaces and an independent restaurant. It is anticipated that 40 – 80 permanent full-time jobs will be created with 285 jobs created during construction.

Mr. Ray Cornelius added that \$115M was being sought in GO Zone bonds; some portions of the project do not fit within the GO Zone guidelines and would be addressed before final approval. If the Board wished to move forward with a preliminary approval, the resolution for same was prepared and ready for signature.

Mr. Flower questioned the non-qualified portions of the application for GO Zone bonds, Mr. Cornelius advised that references to apartments did not qualify but there was no harm in giving the applicant preliminary approval, as only portions can be financed, confirming that when complete, the proposed development will not have apartments.

Pursuant to Board questions, Mr. Dauzat informed the Board:

1. That he has been in contact with the Vieux Carre Commission.
2. That the current license has been held by his family for decades;
3. That a meeting has been set up with the City Planning Office in order to provide a solution to any problems with the VCC. They will do what the VCC wants to move this project forward.

Mr. Cornelius confirmed that if the VCC or the City Planning Office were to decide to retain the apartments then that portion of the project would not qualify for Go Zone financing but the hotel could still possibly qualify.

After discussion, the President requested a motion from the Board for the granting of preliminary approval to this project. By motion of Dr. French and second by Mr. C. David Thompson, the Board voted without opposition for the granting of preliminary approval.

Mr. Dauzat further advised pursuant to additional discussion in the Bienville Chartres matter, that the license to be used in this project is the same license that was to be used in the Rampart Street project (which has since been withdrawn) and that there should be no problem with the Chartres project because the license is not being transferred. The physical location related to the current license will be within the proposed project location. A moratorium on new hotels is in effect for the French Quarter but the proposed project will be an extension of a current boutique hotel which has a license to be used for the proposed project.

### **CHATEAU CARRE**

This matter was tabled until next board meeting.

### **ZELIA**

This matter was tabled until next board meeting.

## **STANLEY MCDANIEL – STATUS UPDATE RE HIRING AUDIT**

Mr. Flower reminded the Board that Mr. McDaniel of the McDaniel Group was conducting the hiring audit on the C. J. Peete and St. Bernard projects and asked Mr. McDaniel to provide the Board with an update.

Mr. McDaniel presented that, as of this date, he continues to meet with and gather information from both developers, as well as HANO. He advised that his inquiry has proven a bit dismal as records that are submitted to HANO by the contractors and subs are not standardized thus each report differs depending on how the contractor maintains information; and that only paper records are kept. The result of the research which involves review of contracts, hiring practices, payroll and the purchasing of materials will show each project's economic impact on the local economy. The research will show if the developer is meeting the targets addressed by the Board. Right now, however, there is a slow down because the information has not been captured in the manner needed for the audit and has to be extracted page by page and formatted into a matrix which is to be created. Mr. McDaniel advised that HANO has agreed to send the last three months of payroll with employee's personal information "blacked out" as well as any and all proprietary information leaving only the name and zip code of each employee. He added that HANO does not have an electronic data base and thus one has to be created; that HANO is not requiring from the developer or the subs or contractors the information that he is seeking in a format. Ultimately, he will hire someone to extract the information and enter the data into the matrix. Suggestions were offered by the Board to Mr. McDaniel but Mr. McDaniel advised that he has attempted to get the information from other sources including the Dept. of Labor.

The Board suggested that Mr. McDaniel should provide Mr. Cornelius a list of the information he is requiring, and that Mr. Cornelius would prepare a letter to HANO advising that if the requested information is not provided as requested, this may create deterrent action and could impede the progress of any other HANO-related closings. The Board suggested that the matrix to be created in this audit process could provide the prototype of a standardized recordkeeping system for future audits. Mr. Edwin Shorty recommended that in the future the Board should spell out the details of any claw back agreement in the Lease Agreement.

Mr. Alan Philipson asked Mr. McDaniel if the zip code information is sufficient to determine if locals are being hired. Mr. McDaniel thought that it would not be but offered to move forward with the information provided. Mr. McDaniel then acknowledged Mr. Yusef Freeman of McCormack, Baron and Salazar, developers for the C. J. Peete, and informed the board that he has been meeting with him. Mr. Flower informed the Board that efforts are underway to meet with the new senior members of HANO very soon. At that meeting, he stated, the issues being raised in these discussions, i.e., hiring of locals, reporting, past projects with HANO, etc. will be discussed. He invited any board members who wished to be a part of the meeting to let Ms. Martin know. Mr. Flower thanked Mr. McDaniel for his report.

## **NEW BUSINESS**

**Hancock:** The Board was informed that Hancock Bank's contract for services as the trustee issuing invoices to developers for the annual administrative fee has been renegotiated. The new fee is \$3,000 per year. A new contract is being prepared.

**2010 Board meeting dates:** The January 19, 2010 board meeting date will stand until further notice. The February 16, 2010 and the December 21, 2010 meetings will be rescheduled at a later date.

## **OLD BUSINESS**

Ms. Martin informed the board that all insurance matters have been completed. The IDB is now insured. Questions arose as to whether the IDB has director and officer's insurance. Ms. Martin advised that this was not included in the package but that she will double-check and will inform the Board accordingly. She also advised that with the help of Mr. Darrel Saizan and Mr. David Wolf, letters to Congress, the Governor, State Bond Commission, State Legislators, and State Department of Economic Development for their support of an extension of the GO Zone bond act and the Orleans Parish allocation, were mailed. No response, to date, has been received from any party. Ms. Martin then presented the Administrator's Report a copy of which is included in each Board members folder.

### **FINANCIAL REPORT**

A copy of the September 2009 financials was included in each Board member's folder.

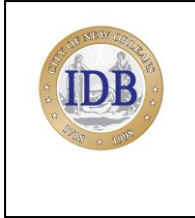
The budget for 2010 was presented and approved. A copy of the proposed budget was included in each Board member's folder.

The meeting adjourned at 2:30 PM.

---

Susan P. Good, Secretary Treasurer





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

**FEBRUARY 18, 2009  
12:30 P.M.  
45th FLOOR – ONE SHELL SQUARE  
ADAMS & REESE, LLP**

**Present:**

Ronald G. Baptiste, Jr.	Farrell J. Chatelain, Jr.	Walter C. Flower III
Susan P. Good	Glenda Jones Harris	James Paul Johnson
John Koch	Helen LeBourgeois	Darrel J. Saizan, Jr.
C. David Thompson		

**Absent:**

W. Raley Alford, III.	Dr. Ronald J. French	Tyrone Wilson
-----------------------	----------------------	---------------

**Also Present:**

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

**Guests:**

Michael Noah, National Association of Minority Contractors  
Margaret Diaz-Fugetta, Edwards Avenue Partnership  
Chris Kane, Adams & Reese  
Carliss Knesel, Hancock Bank  
Amber Seely, Renaissance Neighborhood Development Corporation  
Victor Smeltz, Renaissance Neighborhood Development Corporation  
Karen Echegarrua, SmartBuy Kitchen & Bath  
Wayne J. Neveu, Foley & Judell, LLP  
Steven Hattier, Morgan Keegan  
Stanley McDaniel, McDaniel Group  
Stephen Stuart, Bureau of Governmental Research  
Scott T. Zander, Jones, Walker  
Ryan Carley, JCH Development  
Tom Crumley, Woodward Interests  
Elias Castellanos, HANO  
Judith Moran, HANO  
T. Matt Biagas, COMCOL  
Dwanne Biagas, Biagas Enterprises

The meeting was called to order by the President, Walter C. Flower, III, at 12:37. The President introduced to the Board the IDB's newest member, Mr. Ronald G. Baptiste, Jr., appointed by Councilmember Cynthia Willard-Lewis. An introduction of all guests was had. A roll call of the board was conducted and a quorum was confirmed. A motion to accept the January minutes was made by Mrs. Helen LeBourgeois and seconded by Ms. Glenda Jones-Harris. The vote to accept the minutes passed without objection.

## **ORDER OF BUSINESS:**

### **CHATEAU CARRE, LLC**

Mr. Flower opened the meeting, requesting a presentation of the application on Chateau Carre. Mr. Neveu took the floor and then introduced Ms. Amber Seely who provided a summary of the project including the fact that this project is a rehabilitation of 150 units of apartments located on Gentilly Boulevard, across from Dillard University; that today they are seeking preliminary approval of the proposed project. She then introduced Mr. Victor Smeltz who provided that Renaissance Neighborhood Development Association ("RNDA") is a subsidiary of the local affiliate of the Volunteers of America as well as the national Volunteers of America but is locally managed and developed to serve for the long term in New Orleans; that its first project is The Terraces on Tulane. In connection with the Chateau Carre project, it has been meeting with Dillard University who has welcomed the project as well as other neighborhood associations. They have also been working with Dr. Blakely since the project is located within a targeted corridor. They are attempting to ensure that those who lived in the apartment complex prior to Hurricane Katrina are aware of the rehabilitation of the facility; it is one of the few rental options in the area. Mr. Smeltz advised that though they have not yet asked for a PILOT, they believe they will be seeking one after they have gathered the required data to make the request. Mr. Koch commented that he has difficulty supporting a PILOT under the circumstances. Mr. Smeltz advised that most of the development's financing is in place and includes a Block Grant from the City, Soft Seconds and LHFA backing. The project is currently based on not having a PILOT. The rents may be a higher than the target market can afford.

After all discussions had, Mr. Flower asked for a motion to grant preliminary approval to the Chateau Carre including the option to allow them to come back before the board to request a PILOT. By motion of Mr. C. David Thompson, seconded by Ms. Jones-Harris, a vote was taken and same passed unanimously without objection.

### **EDWARDS AVENUE PARTNERSHIP**

Bond counsel, David Wolf, took the floor to address this matter, advising that the developer, Edwards Avenue Partnership ("EAP"), comes now before the board seeking final approval on its project. He reminded the board that it granted preliminary approval of the project at the December 16, 2008 board meeting. He further advised that the developer is now prepared to request bond issuance in accordance with Iberia Bank's 4.5% fixed rate for 20 years. The resolution will read, however, not to exceed 6%. He further advised that the guaranty agreement may reflect the name of another LLC and EAP, suggesting that it may be France Road Development, LLC. The investor is currently working to identify an investor for this project and

hopes to have this matter completed by next month. The project is seeking \$9M in GO Zone bonds and will include new market tax credits. He reminded the board that the developer has until September to close. The bonds would be awarded to Iberia Bank. He further advised that the State Bond Commission application was filed February 17, 2009 in an effort to be placed on its March agenda.

After delivery of the request for final approval on the issuance of the bonds, Mr. Flower asked for a motion. By motion Mrs. Susan Good, seconded by Ms. Glenda Jones-Harris, a vote was taken wherein the grant for final approval passed unanimously.

As an aside, Mr. Wolf informed the board that as part of the documents distributed today, a desk reference binder was included. It included copies of laws, rules and regulations, a list of all bond issues, definitions of a PILOT, PILOT language, copies of council ordinances, the IDB fee policy as well as copy of the recent annual report. He hoped this would serve as a benefit prepared for each of them

### **C. J. PEETE - LIEN**

Bond counsel, David Wolf, explained to the Board that a cancellation of lien was filed and this issue has been cleared.

### **B. W. COOPER, LAFITTE AND FISCHER - UPDATES**

#### **B. W. Cooper**

Mr. Elias Castellanos presented the update on B. W. Cooper, advising that the developers are currently working to negotiate with potential investors. They hope to close this matter in April 2009.

#### **Lafitte**

Mr. Elias Castellanos presented the update, informing the Board that the developers are currently entertaining investors. He reminded the board that the Lafitte is divided into phases including an off-site phase that will not have bond financing. They are hoping to close the details on this development in March 2009. Mr. Castellanos advised that it has been difficult to place the credits considering the state of the economy. At this time, Mr. Koch interjected that it is his understanding that all projects are under pressure to close in 2010 and that this is a standard operating deadline. In response, Mr. Wayne Neveu, bond counsel in the HANO projects, explained that it is possible there will be an extension on this 2010 deadline. He provided an update on the basis points which are to be handled by the recovery act; that 50% of the project must be completed by a certain deadline and placed in service in 2010. He advised that FMAC was the former purchaser.

Mr. Koch asked if the return on the tax credits changed would it change the final approval granted by the Board. Mr. Neveu explained that the Board's approval is affected by the clawbacks if HANO's commitments are not met which are subject to annual audits by the IDB.

Mr. Flower informed the developers that it must be clearly understood that all documents that it wished to have presented at the March meeting must be made available to the Board before the

March or April meeting. **There will be no last minute review of documents for signature.** The fee structure must be discussed and understood.

### Fischer

The Board was advised that this matter was closed a couple of years ago. There is no benefit of a PILOT. Ms. Martin reminded the Board that Fischer was part of the \$45M in which the Board gave final approval and that, to date, no closing documents have been received on this series of bonds.

### **930 POYDRAS**

Bond counsel, David Wolf, presented this matter, advising that the final documents were signed last summer for \$4.85M in bonds. Since the closing, there have been timing issues related to the Trustee in that payments should be in to the Trustee by the first of month. The amendment to the Trust Indenture by IDB to Argent Trust proposes a change in payment from the 1<sup>st</sup> of each month to the 7<sup>th</sup> day of each month. There is no lost interest involved. The Trustee has the problem of not getting payment by the first thus the requested change to the seventh.

By motion of Mr. John Koch and seconded by Mr. Farrell J. Chatelain, allowing the proposed first supplemental amendment to the Trust Indenture changing the date from the first of each month the seventh of each month offered, the board voted unanimously to allow the amendment.

### **521 Tchoupitoulas**

Bond counsel, David Wolf, presented this matter, reminding the Board that this matter was closed in November of 2007, with a bond issuance of GO Zone bonds in the amount of \$8.5M. He advised that last summer, Congress authorized a new tax to be guaranteed by the Federal Home Loan Bank. This is a special taxing. Whitney Bank provided the letter of credit in this project. It is now possible that the developer can reduce the interest rate and have federal guarantee. This would amend the terms of the bond and treat the matter as a new security. They are trying to avoid a “re-issuance” which would probably extend the maturity. Bond counsel and the developers have been in discussion with the IRS and tax attorneys to determine best method of doing the rate reduction.

Mr. Crumley, developer representative, advised that the rate reduction could bring the interest rate down a point which could be equivalent to \$7K plus per month. Mr. Wolf advised that the actual amendment has not yet been drafted or conceived, asking the Board for permission to allow the supplemental trust indenture. Adams and Reese will give an opinion. If the rate reduction can be done, it will help the developer. He will come back later with the actual document, adding the interest rate or extending the maturity. He reminded the Board that the investors owned the bonds. The federal guarantee would be added without affecting the tax-exempt status of the bond for issuance. Mr. Ray Cornelius interjected that it may be appropriate to wait for the approval, adding that this does not have to go back to the State Bond Commission. Bond counsel was asked if there was a downside to which Mr. Wolf replied, “No”, that the risk is by Adams and Reese and their opinion. Mr. Wolf is to send the language to the Board for their review.

After discussion and Mr. Wolf’s explanation of the matter, the President asked for a motion to grant a first supplemental trust indenture to reduce the interest rate. By motion of Mr. Koch,

seconded by Mrs. LeBourgeois, the Board voted unanimously to allow the first supplemental trust indenture as presented by David Wolf.

### **2008 Annual Report**

Ms. Martin presented to the board the web manager's proposal for updating the annual report on line which included a quote of \$1500 for 12 hours of labor. This would include a format that could be used to have hard copies printed or create CDs for mailing which is more cost effective than the mailing of the heavy, hard copies. Mrs. Good presented that the IDB needs to work on public relations and advertising but would prefer that it be done by an in depth analysis. She commented that she would be interested in partnering with a City agency or the Mayor's Office on advertising of the IDB. Mr. Flower stated that he didn't see any reason why the on-line version couldn't be updated at this time but that a marketing committee should explore the other possibilities of marketing including the reprint of the annual report. Mrs. Good asked if we know how many hits the IDB gets on its website. It was also suggested that past agenda and IDB minutes be posted on the website. Ms. Martin is to check into getting this accomplished and answer to those questions raised. He suggested that a Marketing Committee be created to explore the cost of printing of the annual report. Members opting to serve on the Marketing/Advertising Committee include:

Mrs. Susan Good  
Mrs. Glenda Jones-Harris  
Mr. Farrell J. Chatelain  
Mr. Walter C. Flower III

It was suggested further that Mr. Cliff Robinson, the IDB's website manager, meet with the Board at its next meeting to explain his proposal.

Mr. Flower then commented, as an aside but in connection with IDB promotion and advertising, his disappointment with the Times-Picayune in not recognizing the IDB's Jan. 15, 2009 letter contesting the T-P's Jan. 9, 2009 article, "Going Nowhere". He also advised that efforts were underway for him to appear on Councilmember Stacy Head's television show. He will keep the board informed.

### **PART 4, IDB APPLICATION**

Ms. Jones-Harris expressed her concern about the developer's level of DBE participation based, not only on the IDB's request for same, but the Mayor's Executive Order regarding DBE participation in projects in the City and the language in the IDB's application regarding minority participation. She stated that we asked the applicants to submit the manner and process of informing the public to avoid lip service but we never receive anything. The IDB needs to know to whom the information was sent and when and any responses. It was voiced by others that there be a minimum participation on projects and each project should meet the criteria. Mr. Chatelain reiterated the Board's previous discussions of requiring that as much in materials, supplies, contracting and employment be enjoyed by the City on each project. There needs to be a proof of the process beginning with the submittal of the application through to final approval. Mr. Cornelius stated the applicants upon delivery of the bonds should show proof of local and DBE participation until completion of construction. It was expressed by Mr. Michael Noah, a guest, that at that time, all general contractors, etc. have been determined.

At this time, Mr. Matt Biagas of the Council of Minority Contractors Association asked to be recognized and expressed that federal law mandates 35% as participation by DBEs. After his comments, it was suggested by Mr. Cornelius that he send a letter addressing any legal issues which would be reviewed and to which he would receive a response. Mr. Saizan commented that the IDB needs to find a way to make the process more inclusive.

### **IDB LOGO CHANGE**

This matter was tabled until the next meeting. The board was asked to review the logo and make comments and suggestions.

### **MONITORING**

Mr. Flower suggested that the Committee comes together and have this matter listed at the top of the agenda for the March meeting, listing as its objective the goals in creating monitoring guidelines, the structure, implementation process, hiring of a consultant, staff, etc. The members opting to serve on this committee include:

Mrs. Helen LeBourgeois  
Ms. Glenda Jones-Harris  
Mr. W. Raley Alford  
Dr. Ronald French

The process also, according to Mr. Flower, should include issues raised by Mr. Biagas making the project good for the City overall and should include employment, how managed, tax revenues to the City and clawbacks.

## **REPORTS**

### **Insurance**

Ms. Martin informed the board that working with Mr. Alford on submitting applications to determine coverage, the IDB has yet again been declined. She advised that another application has been filed. She was asked to determine how the City was insured for the next meeting by checking with the risk management department of the City. Mr. Cornelius stated that he would check to see how the La. Industry Executive Association was insured and that the board may want to consider membership in the Association.

Ms. Martin advised that a copy of the Financial Reports were included in board packets as well as a copy of the Administrator's Report and the February 2009 File Status Update.

The meeting adjourned at 2:45 PM.

---

Susan P. Good, Secretary Treasurer

